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Reagan Aides Split On Rest of Agenda

Chief of Staff Favors Compromises But Others Want to Go Out Fighting

By Lou Cannon
Washington Post Service
WASHINGTON — As President Ronald Reagan tries to emerge from the political trauma of the Iran-contra hearings, a quiet struggle is taking place within his administration over how to put the best face on the remaining 18 months of his presidency.

White House officials and Republican strategists say battle lines have been drawn between the White House chief of staff, Howard H. Baker Jr., who favors a limited but big-ticket agenda of arms control and budget compromise, and conservatives who want the president to go out fighting and draw clear partisan lines for the 1988 election campaign.

"What Howard really would like," said a Republican close to the administration, "is to get the president safely home to port without further calamities and to add the glow of an arms agreement in his final year in office. What some of the fire-eaters want is a year and a half of Congress-bashing and confrontation."

Mr. Reagan is in a combative mood after weeks of congressional hearings into the sale of U.S. weapons

Meese to Appear At Iran Hearing

International Herald Tribune
The Iran-contra hearings resume Tuesday morning, with Attorney General Edwin Meese 3d beginning his testimony.

Wednesday's session of the hearings has been thrown into doubt by the morning funeral service for Commerce Secretary Malcolm Baldrige. However, Mr. Meese is expected to resume his testimony that afternoon and may continue on Thursday.

Donald T. Regan, the former White House chief of staff, is scheduled to testify Thursday afternoon and on Friday. Defense Secretary Caspar W. Weinberger will appear next week for several days.

Kiosk Peres Meets Yugoslavian

JERUSALEM (Reuters) — Foreign Minister Shimon Peres of Israel met with President Lazar Mojsov of Yugoslavia in Geneva two weeks ago for the first high-level contact between the two countries in 20 years, Israeli officials revealed Monday.

The meeting occurred while Mr. Peres was in Geneva to meet with President Hosni Mubarak of Egypt during a United Nations conference on trade, a spokesman for the Israeli Foreign Ministry said. Yugoslavia broke diplomatic ties with Israel during the 1967 Middle East war.



Fyodor Fedorenko, a former Nazi stripped of U.S. citizenship, has been shot in the Soviet Union for war crimes, Tass said. Page 6.

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■ Sir James Goldsmith sold most of his holding in Générale Occidentale, the French media and retailing group. Page 9.

Dow close: UP 8.61
The dollar in New York:
DM £ Yen FF
1.86 1.5985 150.65 6.175

Sub Recovers Objects From The Titanic

United Press International
PARIS — A French expedition said Monday it recovered wine bottles and dinner plates from the deep, icy north Atlantic graveyard of the Titanic during a nine-hour submarine dive on Sunday.

Pledging that nothing recovered from the ocean liner, which sank in 1912, would be put up for sale, a spokesman denied earlier reports that a strongbox had also been lifted from the wreck.

An expedition spokesman said crews from the Institute for Sea Research and Exploration of the Sea had retrieved the items during the dive.

"After decades below the surface they are fragile and have to be handled extremely carefully," said Daniel Puget, a Paris-based spokesman for Taurus International, technical consultants to the \$2.25 million expedition.

He said they also took new photographs of the wreck — the first since the Titanic was positively identified by a French-American expedition in September 1985.

Other spokesmen said they believed 15 objects had been recovered, but declined to give a clear picture pending better radio communications with crews at the site.

"The Nautilus submarine, using powerful headlights, inspected first the front of the ship, then the rear about 1,969 feet away," said Mr. Puget. "Visibility at the site over the weekend averaged about 43 feet in fairly murky water which moved at a weak current."

During the dive Sunday, a remote-controlled robot took more than 300 photographs of the wreck. The robot is linked to the submarine by a 230-foot (77-meter) cord and can maneuver inside sections of the ship that would otherwise be too dangerous or difficult to enter.

Scientists from the 1985 expedition had decided not to salvage any relics out of respect for the dead.

■ Salvagers Assailed
French salvagers recovering objects from the Titanic are "fortune hunters, vultures, pirates," said Eva Hart, a Titanic survivor whose father was among the 1,513 passengers who died when the liner sank after hitting an iceberg. The Associated Press reported from London.

"They are pirates," said Miss Hart, 62. "They might even be called vultures." She was 7 years old when her father put her in a lifeboat of the "unsinkable" ship. "The grave should be left alone," Miss Hart added.

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Pedestrians waded down a flooded street in central Seoul on Monday after the South Korean capital was hit by a tropical storm.

Too Hot, Too Cold, Too Wet, Too Much

By Barry James
International Herald Tribune
The word from weather forecasters Monday was another week or so of the freak weather that has kept the north of Europe shivering and the south sweltering.

In South Korea, torrential rains fell on Seoul and set off floods and landslides that killed at least 61 people and drove 60,000 from their homes.

While much of northern Europe shivered under gray skies Monday, blistering temperatures caused hundreds of deaths in southern regions. Grave diggers in Greece worked overtime to cope with more than 600 fatalities attributed to the heat.

Forecasters blamed much of Europe's weather problems on a ridge of high pressure about a third of the way across the Atlantic, which is allowing Arctic winds to be drawn down from the north across Scandinavia. The Nordic countries themselves are experiencing one of the worst summers in memory, with temperatures hovering between 10 and 16 degrees Celsius (50 to 60 degrees Fahrenheit).

In what appears to be a follow-up effect, warm air is being drawn north from Africa across large parts of southern Europe,

where temperatures have typically risen to 42 degrees Celsius (108 F), with humidity more than 80 percent.

"Sometimes, this kind of weather gets into a rut and stays that way," said Dr. Philip Jones, of the Climate Research Unit at East Anglia University in England. "This tends to happen more in the summer and winter than in the transitional seasons."

Although this seems to some people to be the latest in a series of bad summers, average changes in temperature and precipitation over a long period have been relatively minor. Research at the unit indicates that average global temperatures have risen only by about half a degree since 1900. It has become slightly wetter in higher latitudes over the past 130 years, while subtropical zones have become slightly dryer.

One theory is that this slight rise in temperature is due to the greenhouse effect, a condition caused by an increase in carbon dioxide in the atmosphere resulting from the burning of fossil fuels.

The research unit is trying to work out whether variations in temperature and precipitation are becoming closer together.

See WEATHER, Page 6



In central Athens on Monday, two Italian tourists cooled off by dipping their feet in a fountain as they read a headline in an Italian newspaper, "State of Alert in Greece."

Dollar's Decline Changes Trade, Profit Picture

U.S. Companies' Sales Benefit

By Kenneth N. Gilpin
New York Times Service
NEW YORK — After screaming about being priced out of markets when the dollar soared in the first half of the decade, companies across the United States are beginning to see its decline translate into healthier earnings.

Boston-based Polaroid Corp. is a case in point.

When Polaroid put its popular Spectra camera on the market in West Germany six months ago, the suggested retail price of \$30 Deutsche marks meant that about \$180 in revenue could be repatriated for each one sold.

Since then, the dollar has lost another 7 percent in value against the mark. Polaroid has not raised

the price of its Spectra, but because of the exchange rate change, each camera now can bring home around \$189.

Last week, the company reported that international sales during the second quarter were up 26 percent from the same period a year ago, and that operating profit rose by 25 percent, mostly because of the weaker dollar.

"A lower dollar overseas helps a company like ours," said Sam Yanes, a Polaroid spokesman.

"A lower dollar increases revenue when you translate it back into dollars, and it allows you to make higher profit margins" if the product is made in the United States.

The dollar has been declining in value on foreign exchange markets

Japanese Exporting to Japan

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — Thanks to the lower exchange rate of the dollar against the yen, some Japanese companies are finding it profitable to export to Japan from plants in the United States.

So far it is only a trickle — Honda 1200cc motorcycles from Marysville, Ohio; Sony color television picture tubes from San Diego; Mitsubishi high power diodes from Youngwood, Pennsylvania; and Mitsubishi cellular mobile telephones from Braselton, Georgia.

Honda Motor Co., which also builds Accords and Civics in Marysville, says it now produces cars more cheaply in the United States than in Japan, and is weighing fu-

Rebuke Issued Over Stark

U.S. Navy Says 2 Officers Will Leave Service

Compiled by Our Staff From Dispatches
WASHINGTON — The captain of the U.S. frigate Stark and one of its officers were reprimanded Monday and will leave the navy for being unprepared for the Iraqi missile attack that killed 37 sailors in the Gulf, the navy announced.

The punishment handed out by Admiral Frank Kelso 2d, the head of the Atlantic Command in Norfolk, Virginia, means that neither Captain Glenn R. Brindel nor his tactical action officer, Lieutenant Basil E. Moericke Jr., will be court-martialed.

The admiral who investigated the attack recommended that both officers face military courts on charges of negligence and dereliction of duty "related to the readiness of Stark to respond and unsatisfactory response," an official source said.

A third officer who was relieved of command following the May 17 attack, Lieutenant Commander Raymond Gagan Jr., the executive officer and second in command of the ship, is to be dealt with separately, officials said.

Captain Brindel is to be allowed to retire, dropping a grade to commander, and Lieutenant Moericke is to resign from the navy after eight years of service, the navy said.

"The degree of culpability is mitigated by the unique circumstances of the incident and its aftermath," the navy said.

■ Coast Guard Evaluation
Patrick E. Tyler of The Washington Post reported from Dubai, United Arab Emirates:

Marine and salvage sources said Monday in Dubai that a U.S. Coast Guard inspection team would evaluate the decision by Kuwait's state oil company to temporarily forgo repairs to the supertanker Bridgeton, damaged Friday by a mine, to complete the first round up of its oil shuttle under U.S. protection.

The chairman of Kuwait's state oil company said Monday.

See GULF, Page 6

7 Lebanese Are Killed In Israeli Raid

By Nora Boustany
Washington Post Service
BEIRUT — In the first seaborne attack along the Lebanese shore since the 1982 Israeli invasion, Israeli commandos killed seven Sunni Muslim Lebanese militiamen mistaken for Palestinian guerrillas, security officials said Monday in the port city of Sidon.

Fighters of the Nasserite Popular Liberation Army clashed with Israeli soldiers who landed from boats late Sunday night on a coastal road south of Sidon. The Israelis hid behind mounds of sand near the road.

As a Lebanese jeep turned around in an empty lot near the sand piles, Israeli commandos fired two anti-tank missiles at it. When another vehicle followed, the Israelis fired again, advancing from the road and triggering a 15-minute battle.

Seven Lebanese militiamen were killed and four were wounded but there were no Israeli casualties, according to reports from Tel Aviv.

Israeli helicopter gunships dropped orange flares as the Israeli commandos retreated toward the shore and then departed.

Usually patrolled by Palestinian guerrillas based about half a mile (nearly a kilometer) from the front, the sector of the shore now is patrolled by Lebanese Sunni militiamen.

China's Little Emperors: One-Child Rule Begets Spoiled Brats

By Lena H. Sun
Washington Post Service
BEIJING — They are China's pampered darlings.

Eight years after the world's most populous nation put into effect its family planning program that limited most couples to one child, one of the most conspicuous results has been the rise of a generation of "little emperors" who in the West would be known as spoiled brats.

The official press is full of stories about such children. Last year, the newspaper China Youth News published a 12-part series titled "The Little Suns in Our Lives," which painted some disturbing portraits.

The parents of one third-grade boy, for example, bought him whatever he wanted. He dined on meat pies; his parents ate porridge. He spurned clothing that had been worn once. After his grandfather spanked him for starting a fight in school, the youngster took a pair of scissors and threatened to kill himself until the grand-

father apologized and bought him a new toy.

The parents of a 7-year-old girl asked her to empty the chamber pot, but she only emptied half of it because she said she was not the only one who had used it.

"What will be the outcome if parents allow this willfulness to continue?" the newspaper asked.

China has 337 million children under age 14. Of those, about 9 percent, or 30.5 million, are children without siblings, and most of them are concentrated in the younger grades, family planning officials said.

Eight of every 10 first-graders come from single-child families. With the recent renewed emphasis on the one-child policy, that ratio is likely to increase to 90 percent over the next five years, according to Liu Bin, vice minister of the State Education Commission.

Many only children are so doted upon by their families that they become timid, overbearing, lazy, self-indulgent or contemptuous of physical labor, officials

said. Most only children have "weak points, such as low ability to care for themselves, selfishness, willfulness and arrogance," Liu Bin said.

"The only-children issue has caused

Newspapers warn adults against indulging in the '4-2-1 syndrome,' in which four grandparents and two parents pamper an only child.

social problems," said Zhou Huayin, a Beijing education official. Spoiled by their parents, these children often become "hot-tempered and pay little respect to parents and older generations," he said.

Newspapers constantly warn adults against indulging in the "4-2-1 syndrome," in which four grandparents and two parents pamper an only child.

Doctors also worry that too many of these children are not just brats, but fat brats.

There is a growing number of overweight youngsters, most of whom come from single-child families, according to Yan Chun, director of the department of internal medicine of Beijing's Children's Hospital, quoted last year by the official New China News Agency.

The children's obesity stemmed from lack of exercise and overeating, he said, because their parents, operating under the traditional Chinese belief that fatter is better, stuffed them with chocolate and sugar.

In a country where the good of the collective is still paramount, at least in theory, the emerging social phenomenon of spoiled children is becoming an issue of increasing concern.

By 2000, most Chinese 20-year-olds

will be from single-child families, the monthly Chinese Youth magazine noted in its June issue.

"What kind of younger generation will this be?" it asked. "What will be the impact of these brotherless and sisterless people on China's development?"

Officials have made clear that the one-child policy is vital to the country's economic policies and goal of limiting the population to 1.2 billion by 2000.

Earlier this year, the State Statistical Bureau announced that China produced 1.6 million more babies last year than planned. China's population is estimated at 1,057 billion. With few exceptions, harsh penalties, such as fines, are imposed on those who violate state guidelines.

Earlier this month, family planning officials said China was toughening birth control policies in rural areas where peasants were defying the one-child rule.

"There has been some slackening of

See BRATS, Page 6

Burundi Tempers Its Black Apartheid

By Blaine Harden
Washington Post Service

BUJUMBURA, Burundi — Daily life in Burundi, a small nation in the highlands of central Africa, is infected with memory.

On main highways there are scores of roadblocks where soldiers of the ruling Tutsi tribe check the travel-residence papers of Hutu farmers.

Fifteen years ago the previous Tutsi-controlled government systematically exterminated about 100,000 educated Hutus. Restrictions on travel prevent the Hutus, who outnumber the Tutsi by a 6-1 ratio, from gathering to plot vengeance.

On Radio Burundi the Roman Catholic Church is denounced daily. Catholic priests and "their white racist god," asserts the radio, "destroyed Burundi culture."

That claim is a rationale for vengeance on the church. In the past year, priests have been imprisoned, Catholic schools have been nationalized and weekend Masses have been banned.

Burundi is a nation of five million people, a product of the wrongs of the Belgians and the wrongs of the Africans.

Western countries prop up the regime with more than \$150 million a year in aid.

The Belgian-dominated Catholic Church has too dark a history in Burundi to be cast as an innocent victim. Nor is the Tutsi regime an unregenerate villain.

The regime practices a rigid brand of tribal apartheid, a system that the leaders of black Africa choose to ignore, even as they travel the world to condemn white-minority rule in South Africa.

Yet, by pursuing limited reforms that help the Hutu, the government has proved itself to be something more than the complacent heir to a genocidal tradition.

But Burundi's past has not prevented it from becoming a favorite of donor countries and such leading institutions as the World Bank.

However, donors also point out that Burundi's government is far more efficient than most others in Africa. "Tutsis are good managers," said an agriculture specialist. "When they make a decision, they stick with it."

Donors prefer not talk about it. Tutsis deny it and Hutus are not even supposed to think about it — but Burundi's future is inextricably tied to its bloody past.

In neighboring Rwanda, where majority Hutus were successful in overthrowing a minority Tutsi government in 1961, the Catholic Church played a crucial leadership role. Tutsi leaders are said to be haunted by Rwanda's precedent.

One prominent Burundian businessman contends that the church was an instrument of Belgian colonial control, both before and after independence. It is a view shared by most Western diplomats and many Burundian clerics.

The most visible villain of the campaign against the Catholic Church is the military government of President Jean-Baptiste Bagaza, a 41-year-old army colonel who makes no secret of his anti-clerical feelings.

Tutsis dominate Colonel Bagaza's cabinet, the National Assembly and the university system. Thirteen of 15 provincial governors are Tutsis, as are about 96 percent of the country's soldiers. Most businessmen are Tutsis.

Yet, even as Colonel Bagaza enforces tribal apartheid in the central government and continues to disenfranchise the Catholic Church, he has insisted on land, economic and educational reforms that offer rural Hutus unprecedented opportunities.

In an attempt to heal the wounds of the tribal massacre, Colonel Bagaza has invited home the 150,000 or so Hutus who fled to neighboring countries after 1972. Perhaps 20,000 have returned.

In the past year, as part of a \$50 million structural-adjustment loan with the World Bank, the government eliminated import monopolies held by Tutsi businessmen and raised producer prices for farmers — mostly Hutus — by as much as 30 percent.

The program last year boosted annual economic growth, which had averaged less than 1.9 percent since 1980, to 3.3 percent.

"What Bagaza has allowed," said a Western economist, "is a program that increases the purchasing power of the farmers, who are mostly Hutu, while limiting the purchasing power of the city people, who are mostly Tutsi."

Colonel Bagaza has accepted the World Bank's argument, the economist said, that Burundi must use financial incentives to encourage two million Hutus to give up subsistence agriculture and turn to small-scale manufacturing.

"The Tutsis realize that the time bomb exists," said a diplomat. "They are trying to ease the situation by expanding the economic pie. If it works, Bagaza could have an awfully long breathing space before the Hutu demand revenge."

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Suspects being held in rural jail after clashes between peasants in Haiti killed at least 100.

Haitian Peasants Fear More Violence After 100 Die in Clashes Over Land

By Robert J. McCartney
Washington Post Service

JEAN-RABEL, Haiti — A mood of fear and suspicion filled this remote farming town Monday as military investigators tried to determine how a land dispute erupted into a clash that killed at least 100 people.

Hundreds of refugees crowded the dusty streets of Jean-Rabel, afraid to return to their homes in nearby villages where the fighting took place on Thursday and Friday.

A spokesman for the investigators said at least 100 people were believed to have died in the fighting near Jean-Rabel, an impoverished town 140 miles (220 kilometers) northwest of Port-au-Prince, the capital. The town has a population of about 3,000.

Some witnesses said members of the Tontons Macoutes, a private militia once controlled by the former dictator, Jean-Claude Duvalier, had taken part in the fighting.

Witnesses from surrounding villages said they had seen hundreds of people killed in fighting between peasant factions involved in the land dispute.

Accounts of the fighting differed widely but most witnesses said it stemmed from a land dispute between poor peasants, many of them landless, and landowners in the district.

Some witnesses said they believed the landowners — ranging from holders of small plots to wealthy landlords — were backed by the Tontons Macoutes, who were outlawed after Mr. Duvalier was deposed.

Three radio stations initially reported that the violence began on Thursday when the Tontons Macoutes ambushed a group of people demonstrating against them.

Other witnesses said the marchers, believed to have numbered 2,000, were landless peasants lured to attack their neighbors and seize their property by Tet Ansanm, a group organized by radical Roman Catholic missionaries.

Military investigators said they interrogated a wounded leader of Tet Ansanm, Fadine Jean-Louis, who told them the marchers were defending themselves against an attack by landowners and their supporters.

About 50 people accused of taking part in the attacks were being held in the town's small jail.

JEAN MICHEL Richardson, a Jean-Rabel businessman, said, "The people here have seen such horrible things that they are afraid to go home."

Cenita Moness, president of a local association of peasants who own land, said he had helped bury at least 100 people killed in the clashes.

"We found people lying dead in the street, in their houses, just about everywhere," Mr. Moness said.

Evette Achelus, a Protestant minister, said he had counted at least 300 dead along several miles of mountain road leading to Jean-Rabel.

The violence was the worst since the overthrow of Mr. Duvalier in February 1986. It followed a series of strikes and demonstrations in which 23 persons died.

The fighting appears to have ended but military officials said they feared more violence in a cycle of reprisals between the peasant groups.

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Demjanjuk Denies He Was Guard at Death Camp

By Robert J. McCartney
Washington Post Service

JERUSALEM — John Demjanjuk, a Ukrainian-born Jew, denied Monday in his court trial that he was a brutal guard at a Nazi death camp where 50,000 people, most of them Jews, were killed in 1942 and 1943.

It was Mr. Demjanjuk's first appearance on the stand to answer charges that he was a guard known as "Ivan the Terrible" who tortured prisoners before sending them to the gas chambers of the Treblinka death camp in Nazi-occupied Poland.

"I am accused here of having been at Treblinka," said Mr. Demjanjuk in his native Ukrainian. "This is not true. I am the one who knows: I went from Rovno to Calcutta."

Mr. Demjanjuk, a former auto worker from Cleveland, was referring to two prisoner-of-war camps in Poland, where he says he was sent after being captured by the Germans while serving in the Soviet Army. Mr. Demjanjuk was born in the Ukraine and emigrated to the United States after World War II.

The prosecution does not contest Mr. Demjanjuk's claim that he was a Soviet soldier captured by the Germans. But he allegedly was sent to the Treblinka prison camp in Poland, where he was trained to be a Nazi death camp guard.

Under a 1950 war crimes law, he faces the death sentence if convicted by the Israeli court.

Throughout the morning, the presiding judge, Dov Levin, addressed John Gill, Mr. Demjanjuk's American lawyer, to speed up the questioning, which was slowed by the translation of Mr. Demjanjuk's responses from Ukrainian into Hebrew and English.

Throughout the five-month trial, Mr. Demjanjuk has heard a series of witnesses accuse him of being the guard.

"He's been waiting for such a long time that he's very anxious to tell his story," Mr. Gill said Sunday after briefing his client at the Ayalon Prison near Tel Aviv. "It's what he wants to do and is eager to do."

WORLD BRIEFS

30 Die in Moslem Clashes in Pakistan

ISLAMABAD, Pakistan (Reuters) — Thirty people were killed and 60 wounded in battles between rival Moslem sects in a remote border area in northwestern Pakistan, state-run Pakistan television said Monday.

It quoted a government statement as saying that army troops and paramilitary forces were trying to restore peace between the Shiite and Sunni sects after four days of fighting in the Kurram tribal area. But fighting continued in some places, according to the television report.

Earlier, a Shiite spokesman said as many as 30 Shiites were killed Monday when they recaptured several villages lost to Sunnis.

Japan to Continue Whaling Research

TOKYO (AP) — Japan's Fisheries Agency is preparing to conduct research whaling for three months in the Antarctic Ocean beginning in December despite an international whaling ban that calls for a halt to such whaling, an agency official said Monday.

"Japan's position on research whaling for scientific purposes has not changed," since the meeting of the commission in Britain last month, said the official of the agency's Oceanic Fisheries Department. The commission's resolution urged Japan, Iceland and South Korea to halt their scientific whaling programs, under which 12,500 whales were to be caught this year and 11,500 killed over the next 12 years, mainly by Japan.

Japan announced April 7 it would catch 825 minke whales and 50 sperm whales in the Antarctic Ocean for research purposes in 1987-88, about half of Japan's commercial catch quota for 1986-87.

Shultz-Shevardnadze Talks Possible

WASHINGTON (Reuters) — Ambassador Yuri V. Dubinin of the Soviet Union met with Secretary of State George P. Shultz on Monday, the State Department said.

U.S. officials said the pair discussed the possibility of Mr. Shultz and Foreign Minister Eduard A. Shevardnadze meeting in Washington in September, around the time that the United Nations General Assembly convenes in New York.

The State Department spokesman, Charles E. Redman, refused to disclose details of the talks but did acknowledge that a Shultz-Shevardnadze meeting "has been the continuing subject of discussion between the Soviets and ourselves."

NATO Members Seek Cut in Forces

VIENNA (Reuters) — Sixteen member nations of the North Atlantic Treaty Organization presented a draft mandate Monday for new talks on cutting conventional forces in Europe within the European security process, Western diplomatic sources said.

The proposal seeks to strengthen the continent's security by eliminating military inequality and reducing the possibility of a surprise attack, according to the diplomats. It was presented at a meeting of the 23 Western alliance and Warsaw Pact members, who have been holding informal discussions in Vienna since February in connection with the 35-nation Conference on Security and Cooperation in Europe.

Last month, the Soviet Union put forward its own draft mandate on reducing conventional forces and short-range nuclear weapons. But the NATO states want the talks confined to conventional forces.

Rebels Attack Maputo Aid Convoy

LISBON (AFP) — Rebels of the Mozambique National Resistance, known as Renamo, killed nine persons in an attack last week on a government convoy, the Portuguese news agency Lusa reported Monday. The convoy was delivering supplies to survivors of the massacre at Homoine.

The convoy, escorted by government troops, was attacked about 235 miles (380 kilometers) from Maputo, the Mozambique capital, on the road from Inhambane, the agency said, quoting a Mozambique government source in Maputo.

The supplies were to be delivered to the 7,000 survivors of the July 18 attack, in which 386 villages allegedly were killed by the anti-Communist Renamo rebels. The rebels have denied involvement in the massacre.

For the Record

Georges Frere, the Chadian rebel leader and former president, has arrived in France for a one-day stopover on his way to Iraq, his French representative said Monday. (Reuters)

The U.S. Congress does not appreciate the value of strengthening Turkey's armed forces, a senior Turkish official in Ankara said Monday. Ankara has been asked by the U.S. to provide aid, which for 1988 would cost grants to Turkey from \$914 million to \$570. (Reuters)

The Greek foreign minister, Kostas Papoulias, will travel to Israel in the fall, the first visit by a Greek foreign minister, a government spokesman said Sunday in Athens. Mr. Papoulias will meet Shimon Peres, the Israeli foreign minister, to discuss bilateral and international issues, the spokesman said. (Reuters)

TRAVEL UPDATE

PARIS (AP) — Pilots and other flight deck crew members for France's domestic airlines, Air Inter, have called a strike for Saturday and Sunday as the latest step in a dispute over manning levels on new planes, a union spokesman said Monday.

The announcement was made as French air controllers began a 15th week of industrial action after negotiations with the government on a possible return to work collapsed over the weekend.

A Turkish Airlines plane with 48 persons aboard clipped off its tail before landing safely at the Bonn airport late Saturday, a West German spokesman said Monday. (AP)

Spain started a campaign Monday aimed at cleaning up and conserving its vacation beaches. On Thursday trucks will tour coastal roads and distribute multilingual leaflets. Billboards will also be erected in seaside resorts. (Reuters)

In Bangladesh, a Test for the Opposition

By Barbara Crosser
New York Times Service

DHAKA, Bangladesh — The moonless rain streets at their most pitiless now in Bangladesh, a country regularly victimized by wind and water.

Under a sky that has two colors, slate and black, restless soldiers guard a historical landmark that is also the headquarters of a slight, low-key woman who is trying to bring down the government of the president, Lieutenant General Hussain Mohammed Ershad.

"I have been in this office for five days and nights," the woman, Sheikh Hasina Wazed, said wearily as she settled herself at her desk on a dismal afternoon.

It was in this house that her father and 21 others, including most of his family, were killed on Aug. 15, 1975, in a shower of gunfire from political opponents. Sheikh Hasina was in Europe visiting her husband, a nuclear physicist, when her parents were killed.

Now she leads his party, the Awami League. The military guard outside comes from her being the parliamentary opposition leader.

Sheikh Hasina inherited her political philosophy from her father. She and the Awami League advocate a socialist economy but with a significant role for private business, a secular state and a parliamentary democracy.

In one form or another, Bangladesh has been under military rule since Sheikh Mujib's death.

"Again and again the power in this country has changed by the bullet," Sheikh Hasina said.

Sheikh Hasina contends that development money, including foreign aid, already is siphoned off by corruption at the national level. She says the same thing will happen on a local level if army officers get control of lucrative projects.

With General Ershad's term in office due to run for another six years, the opposition fears that the military will have time to become permanently entrenched in politics, despite the end of four and a half years of martial law in November.

Sheikh Hasina, 39, is the daughter of Bangladesh's first president, Sheikh Mujibur Rahman. Her office, lined with the literature of East and West that she studied in happier years, is crisscrossed by a corner of what was once her father's house.

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Sheikh Mujib, who had lost much of his popularity by the time of his death because of his failure to control corruption and lawlessness, is nonetheless remembered as the last important civilian leader of the nation. It is a theme his daughter emphasizes.

In this round of anti-government protests, Sheikh Hasina has joined forces with an uncertain ally: Khajendra Zia, the widow of the former president, General Ziaur Rahman. General Zia held power from 1975 until he was killed in 1981, when General Ershad led a coup. Begum Zia is the leader of his political organization, the Bangladesh Nationalist Party.

The two women dominate the political opposition in an overwhelmingly Moslem country. A nascent Islamic fundamentalist organization, the Islamic Council, is regarded as the only other potential threat to General Ershad.

It is acknowledged that Sheikh Hasina has the more experienced political opposition. But, many political analysts in Bangladesh say that General Zia's widow would be a more acceptable government leader to the army if 35 decades General Ershad should go.

Sheikh Hasina is an uncompromising opponent of military rule. She asserts that the Bangladesh Nationalist Party is not.

"The party was organized when General Zia was in power," she said. "Everything about the party she added, must be different from a party organized to oppose any authoritarian government."

U.S. Airlift To UNITA Continues From Zaire

By James Brooke
New York Times Service

ABIDJAN, Ivory Coast — A secret airlift of American arms to Angolan guerrillas continues through southern Zaire, two Western diplomats stationed in Zaire said Sunday.

One of the diplomats said that the flights were as frequent as four to five a week.

The arms are flown from Kinshasa's international airport in a C-141 cargo plane marked "Santa Lucia Airways" to an abandoned Belgian air base near Kamina, in Zaire's Shaba Province, he said. From there, a light blue C-130 cargo plane shuttles the weapons to areas in Angola, the diplomat said.

A team of Americans, led by a colonel, coordinates the operation in Kamina, the diplomat said. To cope with central Africa's heat, the Americans have built a small swimming pool at the base, he added.

Also at the base is a detachment of about 12 guerrillas of the National Union for the Total Independence of Angola, known as UNITA, he said. The rebels, led by Jonas Savimbi, are fighting to overthrow Angola's Marxist government.

President Mobutu Sese Seko of Zaire has repeatedly denied that his country allows U.S. aid for UNITA to pass through its territory.

American aid to the guerrillas has in the past included automatic weapons, ammunition, and shoulder-held anti-aircraft missiles. U.S. aid to UNITA has been legal since August 1985, when the Senate revoked an amendment that had barred assistance to Angola's warring factions since June 1976.

Last year, the Reagan administration said that it gave \$15 million of aid to UNITA. Last month, administration officials said they planned to give another \$15 million. The money comes out of the Central Intelligence Agency budget and does not need formal congressional approval.

On Wednesday, Chester A. Crocker, assistant secretary of state for African affairs, declined to say how American aid reaches UNITA. Transfer through South Africa would violate an international embargo on arms shipments to South Africa.

"There is no buildup at Kamina," Mr. Crocker said in an interview conducted by satellite with journalists in Lisbon and London. "It is a Soviet line that is being echoed around the Free World for reasons that I cannot quite understand."

State Department officials have said that the U.S. aid to UNITA is small when compared with \$1 billion of aid sent by the Soviet Union to Angola in the past year.

Last month, The New York Times received copies of two typewritten memorandums that refer to the supply operation. Both seem to be written by Zairian intelligence services to Mr. Mobutu in the wake of The Times's story in early February about the arms airlift.

Last week, a Western diplomat stationed in Zaire examined the documents, written in French. The diplomat, who declined to be identified, said he believed them to be "genuine."

"The operation is directed by a white CIA officer with the rank of major," said one memorandum, written under the heading "Information note to the President." The overall director of the arms supply operation is Clair E. George, of the CIA, the memorandum continued.

Mr. George is the deputy director for operations of the CIA. The second document, dated Feb. 10, 1987, and headed "Security Measures," said: "The CIA will regularly furnish information on all the journalists who ask for visas for Zaire."

A second diplomat who visited Kamina last year added another detail in a recent interview. American technicians installed new runway lights to allow the supply flights to land at night.

"They put out a shoot-on-sight order to protect those flights," he said. During the 1960s and 1970s, residents of the town of Kamina looted most of the base's wiring and plumbing fixtures.

UNITA Claims a Victory
UNITA forces, reportedly fighting off a government drive against their bush strongholds, said Monday they killed 179 government soldiers and 14 Cubans on July 21 and 22. The Associated Press reported from Lisbon.

The rebels said in a statement distributed in Lisbon that they wounded at least 114 soldiers and destroyed two tanks in the clashes across five provinces. Rebel casualties were given as 10 killed, 43 wounded and one missing.

Castro Attacks Defectors From Cuba As 'Miserable, Repugnant Traitors'

New York Times Service

ARTEMISA, Cuba — President Fidel Castro lashed out at "miserable and repugnant traitors" who, he said, betray the Cuban revolution.

Mr. Castro, speaking Sunday night, did not name a recent air force defector, Brigadier General Rafael del Pino, but other Cuban officials said it was clear that the president was referring to the general.

There have been reports that a colonel in the Cuban intelligence service has also defected in recent



Wives of Democratic candidates for the 1988 presidential nomination gathered Sunday for a forum in Des Moines, Iowa. Attending were, from left, Hattie Babbitt, Jill Biden, Kitty Dukakis, Tipper Gore, Jeanne Simon and Jane Gephhardt.

Campaigning for the Other Side of the White House

By Lois Romano
Washington Post Service

DES MOINES, Iowa — The wives of six of the Democratic presidential candidates were on display here over the weekend for the "First Ladies Forum," a panel sponsored by the Polk County Democrats.

So far as anyone could recall, it was the first time Iowa — or any state, for that matter — had organized what is commonly known as a candidates' "cattle call" exclusively for spouses.

Judging from the coverage, it will not be the last. More than 200 spectators and about 60 members of the press crowded the foyer outside the Drake University auditorium where the forum was held.

Each woman was asked to speak on a single topic, for five minutes only: how she would view her role as first lady.

Without exception, the women chose relatively safe topics, including education, family and the homeless.

Hattie Babbitt went first.

"It's a real honor to be here when I think of those grand women who did so much as first ladies," she said. "People with names like Eleanor Roosevelt, Jacqueline Kennedy, Rosalynn Carter. And then I look at us. People with names like Hattie, Kitty, Tipper."

The crowd roared. She paused as if to get serious.

"One of us up here will join that illustrious group," she said, "and the rest of us will go on to look, through life, for regular adult names."

Mrs. Babbitt went on to say that it would be great to have Representative Patricia Schroeder, Democrat of Colorado, in the race, but that her husband, Jim Schroeder, would not join the forum in Iowa.

"He couldn't decide what to wear," she said.

Getting serious, she urged helping children through better education and health care. As first lady, she said, "my issue would be investment in our children, specifically education."

She advocated federalized subsidized day care for low-income families, higher salaries for teachers and a reading program in every day-care center.

Tipper Gore, on her first solo run to Iowa, spoke of her longtime effort to clean up rock music but insisted that "I do not advocate any type of government censorship."

She took a swipe at Nancy Reagan and Lieutenant Colonel Oliver L. North by saying that while first ladies have contributed much to the country, "we are not going to tolerate undetected representatives running government policy from either the White House dining table or the White House basement."

Mrs. Reagan has been criticized for influencing decisions made by President Ronald Reagan. Recent congressional hearings have revealed that Colonel North was heavily involved in organizing an effort outside regular government channels to provide aid to rebels in Nicaragua.

When Kitty Dukakis took the stage, she said that as first lady she would continue the work she has done as the first lady of Massachusetts. That would include pushing for federal funding to provide shelter to the homeless and helping to reunite refugee families, she said.

She, too, took a slap at the Reagan administration, for not respecting her to the U.S. Holocaust Memorial Council.

"When the press called the White House to ask why," she said, "they were told it was because I am a Democrat."

Mrs. Dukakis steered clear, however, of her recent revelation that she had had a long-term affair with a man who had never been definitively identified.

Small black holes are believed by many astrophysicists to have been "observed" as the invisible partner in binary systems, where a star revolves around some other unseen, massive object. And some astronomers have speculated that supermassive black holes are present in so-called active galaxies, whose cores seethe with hot, violent nuclear activity.

Fewer scientists, however, expected them to be found in ordinary galaxies like Earth's neighbors, Andromeda and M32.

Jeanne Simon said she hoped to become an "ombudsman for the American people."

Specifically, she spoke of Title IX of the Education Amendments of 1972 having been "rendered less effective" by the Supreme Court.

"I want to see Congress restore the law so that all girls and women have an equal opportunity for education," she said.

Asked later if she would press her case once her husband became president, she said: "You bet I would. I've been doing it for 27 years."

Jane Gephhardt opened her comments by saying how honored she was to be with this "extraordinary group of young women." She said that as first lady she would focus on "the pressures that strain families and the ways that we can strengthen them."

Important though it is, "it's not enough for children to say no to drugs," Mrs. Gephhardt said. "We must also give them a reason to say yes to life."

Jill Biden, a schoolteacher, also spoke of the need for stronger family values and education.

"I want an America that is 100 percent literate," she said.

In one sense, Mrs. Biden one-upped the other women. She brought along her husband, as he said, "to carry her bags."

Trade: Unsexy, but a Key '88 Issue

Topic Rouses Debate Among U.S. Presidential Hopefuls

By Susan F. Rasky
New York Times Service

WASHINGTON — Although trade is hardly ever mentioned when poll takers ask Americans to name the most important problem for the United States, it has emerged as the first issue to rouse serious debate among the 1988 presidential contenders.

One reason, Democratic and Republican strategists agree, is the coincidence of calendar and geography. The first major test of strength for the candidates is in Iowa, where precinct caucuses for both parties will be held on Feb. 8 and where stump speeches are tailored to voters whose farming livelihoods stir more than a passing interest in trade policy.

On March 8, primaries will be held in most Southern states, where farming and textiles are major industries.

"It works as an issue because of the way the primaries are set up," said Robert Squier, a Democratic political consultant. "There are real pockets of unemployment in Iowa, and even where there are not, there is the perception of a problem. In the South, it works because of the concern about textile imports."

But trade also has drawn candidates' attention because the politics in the heartland has coincided with the passage of major trade legislation in Washington.

Protracted debate over the legislation, approved by the House in April and the Senate this month, as well as the threat of President Ronald Reagan's veto of any bill the House-Senate conference brings forth, have put a spotlight on a subject often regarded as too complex or arcane for popular consumption.

In the process, the candidates have been forced to adopt, define and defend trade positions that differentiate them from each other and from the administration, regardless of whether they consider the trade issue central to their campaigns. That is particularly true of the two Republican and five Democratic candidates who are members of Congress.

"Trade has its own life," said Thomas E. Mann, executive director of the American Political Science Association. "You wouldn't

expect to see it move millions of people, or even hundreds of tens of thousands, in a primary. It is not the sort of issue you win a nomination on. But it is definitely a gut issue among some groups."

"You're seeing Republicans scrambling to associate themselves with the Senate bill," he said, "and you can see the same kind of differentiation, although it's less extreme, beginning to happen in the Republican Party as you've seen with the Democrats."

Among Democrats, Representative Richard A. Gephardt of Missouri has long stood out a position viewed as the most "protectionist."

An amendment to the House trade bill bearing his name would require tough retaliatory measures in the form of import quotas or tariffs against countries that deny American goods access to their markets.

At the "free trade" extreme is Governor Michael S. Dukakis of Massachusetts, who points to his state's recent prosperity and argues that investment in education, job training and technology can accomplish the same economic revival for the country as a whole.

Mr. Dukakis advocates "limited relief" from foreign competition but says that industries benefiting from such relief must be required to invest and modernize and become competitive.

"Dukakis appeals to the part of the Democratic Party that worries about the price of Big Macs and the price of Japanese cars," said Kevin P. Phillips, a Republican political analyst. "Gephardt appeals to the part that worries about layoffs and plant closings. They are button A and button B on trade, and the other Democratic candidates are in danger of being submerged by that polarization."

Yet examination of the trade positions espoused by the rest of the Democratic field suggests first that certain basic themes underlie the positions of all the Democratic candidates and, second, that Mr. Gephardt's position may be far from the most extreme of those considered protectionist.

For example, both the rhetoric and voting record of Senator Paul Simon of Illinois place him squarely with Mr. Gephardt on retaliation and more firmly on the side of protecting aging industries that have been hurt by foreign competition.

Former Governor Bruce Babbitt of Arizona and Representative Patricia Schroeder of Colorado have devised elaborate plans that would result in severely punitive tariff treatment of certain U.S. trading partners.

Major themes common among the Democrats include the following:

• Linking the \$170 billion trade deficit to the federal budget deficit and putting the blame for both on mismanagement of the Reagan administration fiscal policies.

• Urging "investment" in education, job training and research and development as essential to restoring U.S. competitiveness. These calls often are broadened to include health-care and child-care programs.

• Acknowledging that some of America's trading partners unfairly block access to their markets and pledging that the United States will no longer tolerate such behavior.

Leaving aside Mr. Gephardt, the positions range from that of Senator Albert Gore Jr. of Tennessee, who speaks generally of "presidential leadership and presidential willingness to back up words with actions" to that of the Reverend Jesse Jackson, who points often to a discussion of worker and human rights abuses in some foreign countries.

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Evidence Suggests That Black Holes Make Up the Hearts of All Galaxies

By James Gleick
New York Times Service

NEW YORK — Immense concentrations of mass that appear to be black holes, each with the gravity of 10 million to 100 million suns, have been detected at the cores of the two spiral galaxies closest to Earth's, astronomers announced.

The discoveries, based on observations from the 200-inch (51-centimeter) telescope at the Palomar Observatory in California and on complex computer calculations, suggest that such supermassive black holes — collapsed stars — may be ubiquitous, forming the hearts of virtually all galaxies.

"It gives a picture that these are a natural feature of the evolution of galaxies," said one of the astronomers, Alan Dressler, of the Carnegie Institution. "We didn't have to look very far to find them."

At the same time, a Canadian astronomer said independently that data from a telescope on Mauna Kea in Hawaii indicates the presence of black holes in three other galaxies. The largest black hole, he said, appears to be a billion times as massive as the sun.

For scientists trying to understand the evolution of the universe and the formation of galaxies, the findings tie together some of the most bizarre of astronomical objects. They provide the firmest evidence yet for a theory that links ordinary galaxies to the fate of quasars, brilliant and mysterious beacons of radiation in the distant sky.

According to this theory, quasars are the cores of galaxies in their early stages and black holes are the engines that drive quasars with such spectacular energy. When a quasar ages and dies out, a black hole remains in the center of the galaxy.

Black holes are the ultimate product of gravitational collapse — matter packed so densely that even light cannot escape its pull. The concept began as pure theory, an unavoidable consequence of Einstein's physics, and even now their existence has never been definitively established.

Small black holes are believed by many astrophysicists to have been "observed" as the invisible partner in binary systems, where a star revolves around some other unseen, massive object. And some astronomers have speculated that supermassive black holes are present in so-called active galaxies, whose cores seethe with hot, violent nuclear activity.

Fewer scientists, however, expected them to be found in ordinary galaxies like Earth's neighbors, Andromeda and M32.

Jane Gephhardt opened her comments by saying how honored she was to be with this "extraordinary group of young women." She said that as first lady she would focus on "the pressures that strain families and the ways that we can strengthen them."

Important though it is, "it's not enough for children to say no to drugs," Mrs. Gephhardt said. "We must also give them a reason to say yes to life."

Jill Biden, a schoolteacher, also spoke of the need for stronger family values and education.

"I want an America that is 100 percent literate," she said.

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THERE'S ONLY ONE GIN
FOR THE WELL-INFORMED.



Burma Paper Estimates Rebel Count of 20,000

The Associated Press

RANGOON, Burma — Thirty-three insurgent groups with a total strength of about 20,000 are currently active in Burma, the state-owned newspaper reported Sunday.

The Kyemon newspaper reported that the main insurgent groups are the Burma Communist Party, which has about 6,000 guerrillas, and the Karen National Union and Kachin Independence Army, with about 3,000 armed members each. Rebels have been carrying out anti-government activities in Burma since independence in 1948.

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INTERNATIONAL Herald Tribune

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On Squaring the Circle

The latest foreign trade figures show May to have been less than a wonderful month for the United States. But the international currency markets, after a hiccup, shrugged off this interruption of a mildly encouraging trend. Monthly movements are notoriously erratic and markets do well to ignore them.

Nonetheless, markets are unlikely to favor the dollar for long unless Middle East disturbances force the price of oil up sharply — in which case all bets are off. The trade deficit that the United States is slowly reducing is still huge; the Reagan administration discounted for too long the warnings of respected observers that the economy was on a perilous path. Without a radical change in policies, the U.S. deficit is unlikely to shrink much this year or next, and by the end of 1988 America will be vastly indebted. Servicing this debt will only compound the strains on the foreign balance.

The policies needed to make a clear indentation in America's trade problem are still only partly in place, and other necessary changes are unlikely to be made soon. On the positive side, the dollar has been devalued substantially, increasing the ability of American producers to export and to compete against imports, and shrinking the incentives to other producers to exploit the American market. And despite loose criticism, interest rates have been kept much higher in the United States than elsewhere, thus helping America to attract the foreign capital needed if its trade deficit is not to cause a further, cataclysmic fall of

the dollar, leading to high inflation. But the other major conditions for success are lacking. The United States is spending much more than it earns, while West Germany and Japan, along with newly industrializing countries such as South Korea, are earning more than they spend. Saving is too low in America and too high in the creditor countries.

Individual Americans cannot quickly be persuaded to save more, so Washington's only course is to reduce the "dis-saving" of the government — the federal budget deficit. The Treasury secretary, James Baker, sees a favorable movement this year, but one heavily influenced by nonrecurrent factors. The bipartisan Congressional Budget Office predicts rising deficits, if nothing is done, in 1988 and 1989, with a red herring far too big for the United States to be able to balance its books.

It is equally unlikely, and undesirable in the long run, that West Germany and Japan can be induced to cut their savings. Bonn and Tokyo will have to adjust accounts to rebalance their economies.

The symmetrical nature of the problem is underlined by the Bank for International Settlements, the Organization for Economic Cooperation and Development and the head of the World Bank: none of these is noted for extravagant recipes. Since all governments want to end the present imbalances, there should be room for a deal. Unfortunately, each government insists that only its neighbors should move — a shortsighted attempt to square the circle rather than close it.

INTERNATIONAL HERALD TRIBUNE

A Lasting 'North Effect'?

Fifty percent against the Reagan administration's policy toward Nicaragua, and about 25 percent in favor — that has been roughly the public opinion scorecard for years. Now, after the emotional pleas of Lieutenant Colonel Oliver North, there has been an evening out. It is probably a blip. But what if the surge in support for the Nicaraguan rebels holds?

The short answer is that sustained support would help President Reagan's policy in Congress and in Central America. But that is only a necessary and far from sufficient condition for his aim of toppling the Sandinista government. Indeed, the illusion that capturing Capitol Hill is tantamount to taking Nicaragua is perhaps the central fallacy in the case for the contra as glibly spun by Colonel North.

Despite his performance, a New York Times-CBS News Poll found 51 percent of respondents still opposing aid to the contra, and 35 percent approving, right after hearing Colonel North. His partisans prefer to cite other surveys that show Americans almost evenly split. "The polls now suggest that the American people are waking up to the threat of a communist power grab in their own neighborhood," the president said Friday. What polls cannot measure is the depth and stability of the new backing for the contra — especially when, as the Times survey found, only 32 percent even now were able correctly to locate Nicaragua as part of Central or Latin America.

Mr. Reagan's inability to arouse real backing over Nicaragua is among his most striking failures as Great Communicator. Majorities have consistently opposed aiding the contra, which explains and justifies the anxious ambivalence of Congress. "A large number of Americans see the Sandinistas as a very unfortunate govern-

ment," notes Senator Richard Lugar, a key supporter of contra aid. "What hasn't jelled yet," he adds, "is any enthusiasm for the contra as the remedy."

This lack of approval has underscored the truth of Henry Kissinger's axiom, that domestic support is the acid test of a successful foreign policy in a democracy. Only in the short term will even a popular president get the benefit of doubt on risky ventures.

Suppose, however, that the missing support has finally turned up, then what? It could tilt a close vote in Congress to the contra, and give the rebels a propaganda boost. The Sandinistas do care about American opinion as well, and they might think twice about tightening repressive screws. But otherwise, there is little reason for believing anything dramatic would happen.

Indeed, obsession with North American opinion has been the curse of the contra cause. Its leaders spend more time in Miami and parts north courting Americans than in the camps. This only bolsters the notion that the contra should most want to dispel — that they are the creatures and creation of the United States.

Smack in the middle of Colonel North's testimony, the contra proclaimed yet another great offensive, only to be swiftly beaten back, leaving a pile of civilian dead. By contrast, El Salvador's leftist rebels have for years ruled at least a third of the country, despite better training and a tough, U.S.-armed and trained Salvadoran Army.

After six years, the contra have yet to capture a single village, and persist in killing the very civilians whose support is vital. That is what matters in Nicaragua, far more than Colonel North's sanitized version of the war, or polls showing the contra moving up on the charts, at least this week.

—THE NEW YORK TIMES

Secretary Baldrige

Malcolm Baldrige was one of those rare public people who have — and retain — a set of strong private values and interests while they are at the top of government, a man who had an individual identity that could not be swayed or otherwise affected by the glories of office. He died while pursuing one of his beloved avocations: rodeo riding. Another abiding interest was the protection of the besieged English language against the advancing horde of the bureaucracy. It was Mr. Baldrige's brilliant ideas, which he put into practice, to rig word processors at the Department of Commerce to prevent the continued use of "input," "efficiency" and all the rest of that well-known gobbledygook. What we are saying is that he was a very special guy.

As secretary of commerce, he served in a time when American industry and its place in the world were changing with great speed. An experienced corporate manager, he made himself a force for pragmatism in an administration in which the prevailing economic ideas were highly ideological.

He was one of the first people in the administration to recognize the dramatic rise of the dollar, from 1982, as a threat to American business. He took vigorous issue with the insane view that the overvalued dollar was a kind of homage the world was paying to the United States.

As American exports struggled on the dollar's exchange rate, and imports soared, Mr. Baldrige tried to strike a balance between endangered American industries shrieking for protection and the doctrinaire

free-traders elsewhere in the administration. Accused of being a protectionist, he always retorted that he was defending the distinction between free trade and fair trade, a position that has now become popular with both parties in Congress.

One of the great policy battles in the Reagan administration has been — and is being — fought over export controls. The Department of Defense, citing national security, has tried to prohibit foreign sales of an extremely wide range of American products, sometimes including items that are readily available from American companies' foreign competitors. Mr. Baldrige and the Commerce Department have contended that the United States is a trading nation that must live by its exports — now more than ever, because of its mounting foreign debts — and controls have to be limited to the short list of exports that are genuinely crucial. Mr. Baldrige also seemed to be winning that one.

He had only disdain for the kind of financial manipulation to which many American companies and their owners have turned in the 1980s in their efforts to get rich. He was one of the few people in the administration who spoke with real knowledge of the importance of performance on the factory floor, and the necessity of strengthening U.S. manufacturing. He knew that America's prosperity and strength depend ultimately on the skill and quality of its manufacturing. That was probably the public issue about which he felt most strongly at the time of his death.

—THE WASHINGTON POST

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The U.S. Role in Seoul's Reversal: Congratulations Are Not in Order

By Selig S. Harrison

WASHINGTON — On July 9, just before the columnist Charles Krauthammer congratulated the Reagan administration for its role in the South Korean political crisis (1/17, July 13), demonstrators pulled down the American flag and burned it on the balcony of a leading Seoul hotel amid "wild applause" and "a roar of approval among the hundreds of thousands of protesters," according to a report in The New York Times.

This deeply disturbing event took place because the United States has consistently supported massive South Korean military regimes for the past 26 years in their repression of a rising opposition movement. Yet Mr. Krauthammer cites South Korea, among other cases, to prove that the Reagan admin-

that he did not see the situation as "volatile in any way." Yet respected analysts called it just that.

On Feb. 6, 1987, the assistant secretary of state for East Asian and Pacific Affairs, Gerson Sigur, signaled a possible shift in U.S. policy by calling for a "more open and legitimate political system." Mr. Sigur had insisted all along that he was moving toward a more open system. Mr. Sigur's cautious criticism, which was not followed up diplomatically, had little impact on Mr. Chun or the Korean public. Mr. Sigur promptly backpedaled, in any case, when he revisited Seoul in March. Once again praising Mr. Chun for his decision to retire, he omitted any reference to the national debate raging in Seoul over the procedure for the succession.

A month after the Sigur visit, Mr. Chun, confident Washington would go along with him, made the April 13 declaration that triggered the crisis. The next president would be chosen under the same easy-to-manipulate electoral college system that he had used to rally his military coup in 1980; negotiations on constitutional reform would be broken off, and no public discussion of reform would be permitted until after the Seoul Olympics next year.

Informed of the impending declaration two days in advance, the administration temporized. Mr. Sigur, testifying before Congress, expressed "disappointment." As late as June 17, Mr. Sigur continued to sidestep criticism of Mr. Chun, suggesting the opposition had been unreasonable and shared the blame for the ending of constitutional dialogue.

Having helped to precipitate the explosion in the streets, the administration did intervene to block the use of the armed forces in suppressing demonstrations. Mr. Reagan's June 19 letter to Mr. Chun and the State Department's public appeal to military commanders June 22 surely played a major role in preventing the imposition of martial law.

On the issue of how far to go in making political concessions, however, it was the ruling party chairman, Roh Tae Woo, and other establishment moderates who recognized that halfway measures would not defuse the crisis.

Symbolic of the administration's pro-Chun posture was its decision to continue giving preferential trade and investment benefits to South Korea despite bipartisan 1984 legislation explicitly prohibiting such preferences for countries that prohibit free labor unions and violate human rights.

Informed of Chun's impending decision to break off the talks on constitutional reform, the United States temporized.

istration has made the promotion of democracy "central to American policy" in the Third World. He gives the administration more credit than it deserves for the eleven-hour change in its Korea policy. The United States had enthusiastically embraced Chun Doo Hwan since he took power in 1980. The administration shifted ground only after the popular upsurge in the streets had forced a showdown in the Seoul regime between moderates and hard-liners and only after congressional pressures had begun to build in Washington.

The former U.S. ambassador, Richard Walker, who shunned opposition contacts during his five years in Seoul, repeatedly attempted to whitewash President Chun's rigged electoral laws. Shortly before his departure, he said that National Assembly elections had been "generally free and fair."

Visiting Seoul in May 1986, Secretary of State George Shultz refused to meet with the opposition leaders Kim Dae Jung and Kim Young Sam. Praising Mr. Chun's plans for a transfer of power under rules sure to leave the military in control, Mr. Shultz made a widely ridiculed observation that "the institutions of democracy are taking shape." He added

Listening to Him Testify, the Colonel Frightened Me

By Michael Norman

NEW YORK — I once wore the same uniform as Lieutenant Colonel Oliver North and walked in the same bloody fields. Listening to him on television, I heard in his voice the echo of the past, and I looked at my two sons and was afraid.

Although combat always marks a man — "like the grooves of a gramophone record," wrote one British veteran of World War I — only some of the survivors are easy to read: Those who have seen too much combat and those who have not seen enough.

The former sleep in mental wards or seek the quiet of the woods. They still have hollow eyes, the "2,000-yard stare" as it was called in World War II. Sometimes these haunted tales their own lives. Three years after World War I, Lieutenant Colonel Charles White Whitley, a Manhattan lawyer and an officer in New York's famed 7th Division, boarded the steamer Tolosa, bound

for Cuba, and that night threw himself over the rail.

Colonel Whitley, commander of the so-called Lost Battalion, led a unit of 554 men into a trap. The unit fought valiantly and the colonel won the Congressional Medal of Honor, but only 154 of his comrades walked away from that battle. No one knows why the commander later killed himself. Perhaps he had only one answer for the wanton slaughter that is war.

Men who have not seen enough combat, on the other hand, come home belligerent. They may have had several tours of battle and even been wounded — as was Colonel North, twice — but somehow the fighting did not sober them. Perhaps they still need to perform some great deed, still need to prove themselves. Or perhaps they had faltered in their first action and want another

chance to wipe away the shame.

Most, I suspect, are just plain angry. They have spent years chafing on the excess animus of a defeat. They survived Vietnam but are still full of fight. Oliver North reminds me of men like this, men who have seen corpses stacked like cordwood on the fender of a tank and years later still shake their sabers.

"I honestly believe that any soldier who has ever been to a war truly hopes he will never see one again," the colonel said, then went on to detail how he not only organized an effort to wage another war but violated U.S. laws to fund it.

He called the men he served with in combat "some of the finest people in the world" and said some of them have written him with stories of their families and memories of "the horrors we lived through." And yet he still proclaimed himself "action-oriented," an officer who followed orders, "sprinted smartly and charged up the hill."

I am not that kind of former marine. Combat made me a skeptic.



Drawing by KAL in The Associated Press. ©1987 Syndicate.

If Anything, North Deserves a Medal

OLIVER North's ordeal makes us think about dishonesty in public affairs. Few would deny that it is sometimes necessary or defensible. Good men do deceive in noble cause. Winston Churchill never told Parliament about Enigma — the decoding machine the Poles stole from the Germans — which gave the Allies access to German secrets during the war. He did not even tell President Franklin Roosevelt.

As D-Day approached, the Allies lied shamelessly to Hitler, persuading him that the landings would take place near Calais; not on the Normandy beaches. All they did was save thousands of Allied lives, and perhaps the invasion. As Churchill said, the truth was sometimes so important it had to be protected by "a bodyguard of lies." All public people deserve at one time or level or another, even Congressmen, the Colonel North represents a constitutional problem, but he did not create it. When the tumult and the shouting dies, we might properly want but then bemoan him and give him the field command he deserves.

—John Hutchinson, a professor of industrial relations at the University of California at Los Angeles, in The New York Times.

Nixon on Brezhnev's Toughness, Gorbachev's Charm

By C.L. Sulzberger

This is the second of two articles.

RICHARD Nixon's recollection of Leonid Brezhnev's hope for a cynical deal to carve up the globe gives an interesting insight into the Soviet leader, whose affable personal behavior masked a purely Stalinist conception of foreign policy.

The Soviet leader's idea of world partition, if indeed he was serious, derived basically from two notions. First, there was the fear of China with its huge population and rich resources. Second, there was the demographic concern of a racially white Russia faced with the growth of the Asiatic racial minorities among the Uzbeks, the Tadzhiks, the Turkmen, the Azerbaidzhani, and others.

The 1973 and 1974 summit meetings improved the personal relationship between Mr. Brezhnev and Mr. Nixon — but little else. Mr. Brezhnev by now clearly realized that Watergate might mean the end of Mr. Nixon's authority. He seemed deliberately to remove himself from the direct line of fire in negotiations.

In November 1973, Mr. Brezhnev concluded a letter to Mr. Nixon with these reassuring words, in light of the Watergate scandal: "We would like, so to say, to wish you in a personal, human way, energy and success in overcoming all sorts of complications, the causes of which are not too easy to understand at a distance."

The third summit meeting was a washout. There was no longer in the White House a decisive president able either to resist Moscow's expansionist tendencies or to negotiate in earnest. When Mr. Nixon arrived, Mr. Brezhnev met him at the airport and soon afterward received him in his Kremlin office. He told the president

that he had been following the political situation in the United States and was convinced Mr. Nixon would be there until his second term expired.

Mr. Brezhnev later flew his guests to the Crimea. There he advised Mr. Nixon that he had done all he could to bring peace to the Middle East but feared he could not indefinitely restrain the Arabs from another round of war. But a measure of agreement was reached on disarmament.

Mr. Nixon clearly took to Mr. Brezhnev. He seemed to enjoy his little foibles, like a passion for fast driving and his gamin cigarette holder. But rationed him to one smoke an hour (though he cheated gleefully like a mischievous boy, using a reserve pack.) When the president was driven to the Moscow airport, Mr. Brezhnev climbed in and sat on the jump seat in front of his guest. Mr. Nixon later confessed: "I really think he had a feeling of loss and felt sad that the trip was over."

There is no doubt that Mr. Nixon appreciated Mr. Brezhnev's support as the Watergate disaster unfolded. It is noteworthy that as an ex-president, Mr. Nixon visited Moscow in July 1986 and talked at length with Mikhail Gorbachev, of whom he formed a good opinion. He wrote me: "As you know, Gorbachev is the third general secretary I have met. I had long conversations with Khrushchev in 1959 and with Brezhnev in 1972, 1973 and 1974. In addition, I have had extended conversations with other Russian leaders like Mikoyan, Gromyko, and Kosygin. Of all of

those I have met over the past 27 years, I would rate Gorbachev as the ablest.

"Khrushchev had the quickest reaction time... Gorbachev is not quite as quick but just as smart as Khrushchev and much smoother. Brezhnev was as tough as any leader I have met, but Gorbachev is just as tough and, far more subtle. Based on my conversation with him, I would rate Gorbachev on very high terms of intelligence."

But even more impressive than his toughness and his intelligence [are] his leadership qualities. You cannot talk with him for 10 minutes without recognizing that he has political charisma. He is a born actor. He wants those who talk to him to be convinced of his sincerity and of his reasonableness; and invariably is able to make that impression."

"Does this mean that, as Margaret Thatcher put it, we can do business with him? The answer is yes, provided we understand what kind of business he is prepared to do with us. The fact that he is better educated, smoother, and appears more reasonable than his predecessor does not mean that he will be easier to deal with, but that he will be far more formidable."

"He, for example, has the same goals of expanding the Soviet empire which Khrushchev had, but he will not make the mistake of being rash in attempting to achieve these goals. We must never forget that he is a dedicated Communist and a product of the Communist system. "He will try to improve it, but he will not make fundamental changes as Deng appears to be making in China. The intriguing question is

When the tin drum of authority now begins to beat, I join the ranks of those who guard against waste and demand an explanation."

Perhaps my pacifism is as predictable a response to slaughter and sacrifice as is Colonel North's resolve to finish a fight. Twenty years after World War I, at a reunion of the Lost Battalion, Colonel Whitley's former comrades were asked if they would ever fight again. Definitely not, said one. "I'm the most ardent pacifist in Rochester."

But I am still troubled by the echoes from my past and the testimony of the men wearing marine corps green. Dark clouds have gathered over Central America and men like Oliver North have been busy seeding them for me. I wonder if he would have been as quick to send the sons of his brother marines onto a bloody field south of here as he was those young Nicaraguans.

The writer, a former New York Times reporter, is writing a book about 12 comrades from Vietnam who served with him in Golf Company, 2d Battalion, 9th Marines in 1968.

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—John Hutchinson, a professor of industrial relations at the University of California at Los Angeles, in The New York Times.

The Danger To Gandhi, And to India

By Mohammed Ayoob

NEW DELHI — Almost halfway through his first elected term as prime minister of India, Rajiv Gandhi may be in serious danger of losing control of the ship of state. The Indian press portrays a youthful leader under siege. While this is partly the result of the press's self-assigned role of critic of any government, it is also a reflection of Mr. Gandhi's loss of credibility among India's 100-million-strong middle class.

A recent spate of scandals involving allegations of kickbacks to powerful figures close to the prime minister in connection with arms purchases from Sweden and West Germany, and Mr. Gandhi's possible reaction to attempts by the former finance and defense minister, V.P. Singh, to uncover information about them, have provided critics with more than enough ammunition to keep the government off balance.

Mr. Gandhi's handling of the bribery crisis has shown him to be an inept leader under siege to Indian politics. This was most clearly demonstrated by his treatment of Mr. Singh, who had the reputation of being the most honest and efficient of his cabinet members. Mr. Singh was forced to resign as defense minister when he ordered an inquiry into a submachine deal with West Germany.

His removal gave the impression that Mr. Gandhi had a vested interest in not allowing the inquiry to proceed. And by expelling Mr. Singh from the ruling Congress (I) Party earlier this month, Mr. Gandhi freed his hand from the last vestiges of party discipline and provided the disinclined opposition with a focal point around which to coalesce.

Aside from Mr. Gandhi's declining political image, India faces a set of more fundamental problems as it approaches the 40th anniversary of its independence. They include escalating communal violence, Sikh terrorism and the serious decline of Mr. Gandhi's party as a functioning political organization.

Recent outbreaks of rioting between Hindus and Muslims, especially in northern India, the Hindu heartland, have demonstrated an unprecedented degradation. They also have led to allegations of complicity at, and participation in, acts of communal carnage by the provincial constabulary.

These riots are related partly to the greater self-assertion of a younger generation of Indian Muslims free from guilt of involvement in the 1947 partition of the subcontinent. But a more important factor is the increasing psychological insecurity of a majority Hindu community that feels itself under attack from religious and national minority groups.

The situation in Punjab state fuels Hindu fears of a further cutting up of the motherland. The central government's vacillation on the issue has only made matters worse and played into the hands of Sikh extremists on the one hand and Hindu chauvinists on the other. Mr. Gandhi lost his last chance of isolating Sikh terrorists when, following state elections in Punjab in 1985 and the victory of the moderate faction of the Sikh party, the Akali Dal, he delayed the transfer of Chandigarh city to Punjab despite the Sikhs' demands. This reduced the credibility of moderate Akalis and the central government among many Sikhs.

The overwhelming majority of Sikhs either oppose the campaign for an independent Sikh state or are convinced of its futility. But their lack of faith in Mr. Gandhi's government has prevented them from countering effectively the propaganda and violence of the extremists.

The greatest danger to the Indian polity by Mr. Gandhi and his mother before him has been the domination of the Congress (I) Party. With no party elections held in almost two decades and state branches run by the center's nominees, the party no longer provides the two-way channel for political communication and popular mobilization that contributed to the success of India's democratic experiment in a very hard and arduous socioeconomic environment.

A robust democratic party of parties at the national level can still contain the dangers of communal polarization and extremist terrorism relatively easily. For the factors that unite India far outweigh those that could potentially divide the country. But for such a political organization to emerge, the leader must be dependent on the party for his or her political survival, and not vice versa.

The writer, a specialist in Asian affairs, is on the staff of the Institute of Southeast Asian Studies, Singapore. He contributed this comment to the International Herald Tribune.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Rumors of War

CONSTANTINOPLE — Confusion reigns in Constantinople, and the wildest reports of impending civil war [on July 27] are current. For the time being the Italo-Turkish war has ceased to occupy the attention of the Government, which is concentrating its efforts on starting off the threatened conflict at home. Two army corps, stationed at Adrianople and Kirk Kisseh, support the Young Turks, who have persuaded them that the Constitution is threatened. It is feared that they may march on Constantinople. Owing to calls made on it by Macedonia and by the war, the garrison here amounts to only 3,000 men loyal to the new Government. The army corps at Salonica and Smyrna are hostile to the Young Turks, and desire to come to Constantinople to support the new Cabinet.

1937: Palestine Mandate

LONDON — The British government made clear [on July 27] that it has no intention of transferring its mandate for Palestine to the United States. Geoffrey Mandel, Liberal champion, question-asker, asked Prime Minister Neville Chamberlain if, since the British government had confessed failure on the Palestine job, it would be reasonable to let some other country such as the United States have a try. To this, Colonel Sandeman Allen, Conservative, retorted by asking whether a non-League nation was suitable to accept a League mandate. Mr. Chamberlain maintained a silence, confirming the impression that Britain intends to hold on to its Palestine control, whether or not it succeeds in partitioning Palestine into three sections — one Arab, one Jew and one British.

OPINION

It's Good to See America Practice What It Preaches

By A.M. Rosenthal

NEW YORK — The lives of millions of people in Asia, the Pacific and Latin America have been touched, deeply and for the better, by a turnaround in U.S. foreign policy.

"Foreign policy" is just shorthand for how a country sees the world and acts to achieve what it sees as its basic interests. So when there is a turn in the foreign policy of a major power it is obviously a matter of moment. But this change has gone relatively unnoticed in the United States, overshadowed by the Iran-contra

ON MY MIND

trauma. Just the same, it is likely to be the material of history books when people are saying, "Admiral Who?" and "Colonel What's-His-Name?"

For almost four decades, the United States could almost always be counted on to give its support to military dictatorships or right-wing civilian tyrannies. Part of the reason was a fear of communism — often no paranoid mirage. But time after time the United States ignored or shunned the democratic center. It did not so much overestimate communist strength as fatally minimize the desire of the people of a country to rule themselves in freedom.

And many American diplomats and military people found it easier to deal with generals who made themselves presidents than elected presidents who had to cope with pesky democratic procedures. A tragedy of modern American history is that a country that believes so strongly in democracy became associated around the world with support of tyranny.

Just 18 months ago, on a trip to Asia, I visited three dictatorships — South Korea, the Philippines and Indonesia. The saddest part of the trip to me was that people I met took it for granted that my country would support the tyrants against those fighting for the political freedoms America was supposed to embody.

Time and again they had seen the government of the United States preach freedom and support tyrannies, and seen American citizens accept it.

There is a change. America no longer

Others Will Be Emboldened

JUST AS the people of South Korea took heart from the triumph over tyranny in the Philippines, the establishment of democracy in South Korea will encourage and embolden men and women in other countries. The brave people of South Korea have achieved one of the most notable victories in the long history of man's struggle to be free.

—Representative Stephen J. Solarz, Democrat of New York, writing in the *Los Angeles Times*.

extends that automatic support. What is more, the expectation is growing abroad that the United States will probably use its influence against the tyrants in time of crisis, not for them.

In the Philippines, the United States finally got around to understanding that Ferdinand Marcos had to go. In South Korea, Washington told the generals who have ruled for a quarter of a century that they will not be at all happy if they use arms to put down the revolution for political freedoms. Eighteen months ago in Seoul, I was ashamed of U.S. policy toward South Korea; last week in Seoul I was encouraged by it.

In Panama, we are trying to say goodbye forever to a strange general we once hung with medals. In Haiti, and in a half-dozen countries in Latin America, we have removed our support from dictators or the complicit military.

What happened? For one, the Philippine street revolution turned out to have wings, as did the American and French revolutions in their time.

Corazon Aquino helped it fly. If she had not been there to channel the desire and anger of the people into a democratic explosion, Mr. Marcos would have lingered on. The chances are that he would have been succeeded in his Manila palace not by a woman in a yellow dress but by a Communist guerrilla leader in jungle combat gear.

One day, Mrs. Aquino may have to fight the Communists, but she has bought time for herself and her people.

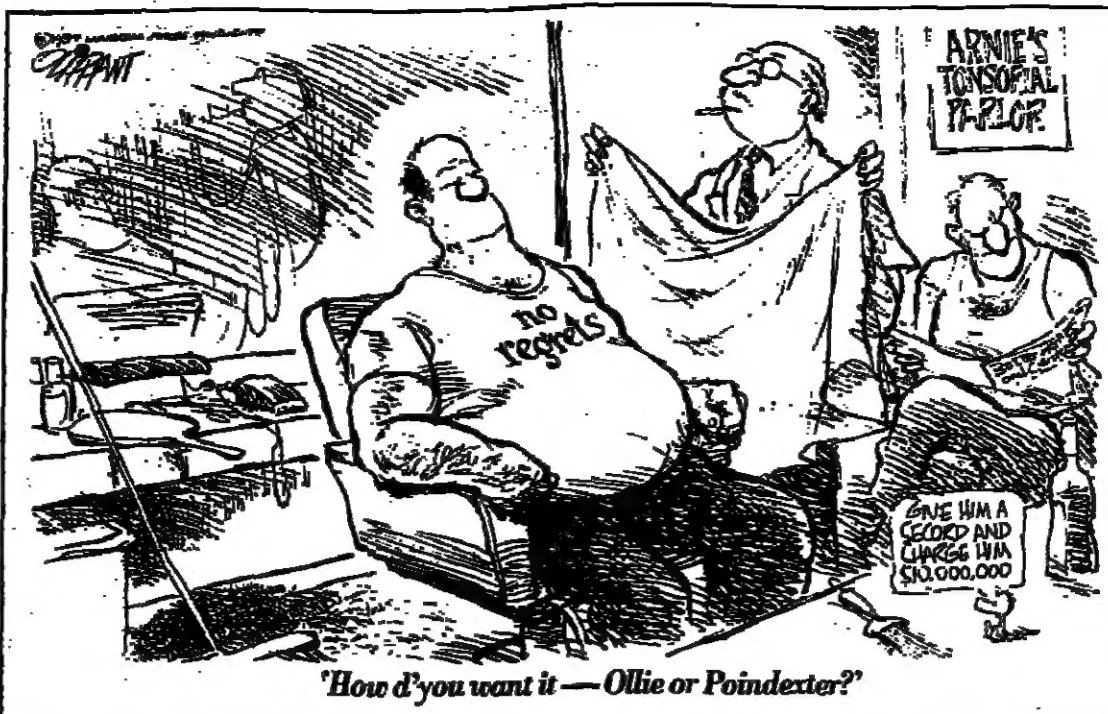
President Reagan at first would have preferred a Marcos victory. But something was happening in Washington as well as Manila. People stuck their necks out — State Department officials and military men like Admiral William Crowe, the chairman of the joint chiefs of staff. They persuaded Mr. Reagan that the security of U.S. bases in the Philippines, and of the entire American political position in the islands, would be swallowed in chaos and perhaps communism if Mr. Marcos stayed.

The Philippine revolution flew to South Korea. It has flown to Panama. It will fly wider as the word sinks in that something is happening in Washington aside from televised hearings dealing with sleaze and arrogance.

Mr. Reagan and the U.S. secretary of state, George Shultz, would have been furiously and properly denounced if they had stuck with Mr. Marcos, Mr. Duvalier, the South Korean junta and that Panamanian general.

They did not, and that is part of history and the daily lives of millions of people far from Washington and from Admiral Who and Colonel What's-His-Name. So a little applause will not hurt. It pays to praise people wise enough to come around to your own way of thinking.

The New York Times.



LETTERS TO THE EDITOR

Concerns of a Big Investor

Regarding the report, "Hostile Mega-Bids Are Out of Fashion," (Special Report: Mergers and Acquisitions, May 29) by Peter Field:

Why would anyone want to reduce communities and industries rather than make them productive and profitable? Somehow this myth has gotten into place and it is damaging to a very progressive movement in corporate America.

Playthings? I can assure you that after spending several billion dollars, there is only one thing an investor has in mind and that is to make the assets of a company more dynamic than ever before.

T. BOONE PICKENS Jr.
Amarillo, Texas.

The Larger Trade Problem

Regarding the opinion column "How to Fight for Open Markets Abroad," (July 16) by Richard A. Gephardt:

After having acknowledged that 80 percent of the U.S. trade deficit is America's own fault and the remaining 20 percent attributable to unfair trade practices, Mr. Gephardt then, as he did in writing the Gephardt amendment to the House trade bill, focuses his attention on the smaller rather than on the larger problem.

He makes no reference to the submission by the European Commission of more than 30 unfair U.S. trade practices. Recently, the European Community decided not to go ahead with a tax on oils and fats, the prospect of which had alarmed the American Soybean Association, but this could reappear as retaliation. As a potential presidential nominee of the Democratic Party, Mr. Gephardt should direct himself to the bigger problem: lack of competitiveness.

The United States, the greatest private enterprise country in the world, is the only one in which trade promotion is left to the government. Neither the U.S. Chamber of Commerce nor U.S. industry associations are involved.

HERMAN H. BURDICK,
General Secretary,
American Chamber of Commerce
in Italy.

Real Nuclear Proliferation

I agree with the concerns expressed in the July 18 editorials from The New York Times and The Washington Post, that nuclear proliferation is a terrifying prospect. But there is a tendency to see it only in terms of new countries trying to get the bomb (that is, horizontal proliferation), whereas real proliferation is taking place daily in the form of the nuclear arms race, whereby stockpiles are increasing (vertical proliferation) and spreading across the globe (geographical proliferation).

At the Sixth European Nuclear Disarmament Convention held in Coventry, England, in mid-July, more than 1,000 delegates from about 30 countries, East and West, North and South, took part in meetings and seminars on how to influence the political process toward arms control. A key theme was the current Euromissile negotiations. Speakers reminded those at a packed meeting in Coventry Cathedral that as the land-based Euromissiles are withdrawn, the United States is massively increasing geographical proliferation with cruise missiles on aircraft and ships.

As long as the superpowers continue to undermine their own nuclear disarmament attempts in this way, they will never be able to persuade Pakistan, India, Israel

and others that nuclear weapons are not essential for their security, too.

D. LOWRY,
Director, European Proliferation
Information Center, London.

An MBA in Brussels, Too

Regarding the report, "U.S. MBA Programs in Europe: Meeting a Need, but How Well?" (June 29) by Nina Martin:

While we were not included in the list, Boston University Brussels, an association of Boston University and the Free University of Brussels, has provided graduate programs in Brussels since 1972.

We offer two master of science degrees, one in international business administration and the other in computer information systems, on a full-time (one-year) and part-time (two-year) basis. A master of science in management program, with weekend courses, is offered for executives. About 200 students are enrolled.

SAMUEL HUMES,
Director, Boston University,
Brussels.

Another One for the Men

Regarding "Women's Colleges Endure in U.S." (June 11) by Fred M. Hechinger:

Nicole Reinhold, the associate director of the Women's College Coalition, is quoted as saying that "only two all-male U.S. colleges survive: Morehouse College in Atlanta and Hampden-Sydney College in Virginia." Mrs. Reinhold did not do her homework. I attend Wabash College, an all-male liberal arts college in Crawfordsville, Indiana, which was founded in 1832.

"Wabash always fights!"
BOOTH S. JAMESON,
Indianapolis.

10,000 Linguistic Vandals Having Awfully Good Fun

By George F. Will

WASHINGTON — (Drum roll) ... and the envelope, please (pregnant pause). A winner in the annual Bulwer-Lytton Fiction Contest is:

"The sun rose slowly, like a fiery furball coughed up uneasily onto a sky-blue carpet by a giant unseen cat."

It is heartening to see that standards are being maintained — standards

MEANWHILE

of awfulness, that is. The coughing-camel sentence compares favorably to the following recent winner in the contest that challenges writers to compose the worst opening sentences for the worst novels never written:

"The camel died quite suddenly on the second day, and Selene fretted sulkily and, buffing her already impeccable nails — not for the first time since the journey began — pondered slyly if this would dissolve into a vignette of minor inconveniences like all the other holidays spent with Basil."

The contest is named after the writer who in 1830 published a novel that began, "It was a dark and stormy night..." Bulwer-Lytton's sentence churned on until it coagulated in a description of the wind "fiercely agitating the scanty flame of the lamps."

The contest is linguistic vandalism with an academic rationale, literary delinquency with a legitimate purpose. Some sentences submitted are disturbingly familiar. I have the awful feeling I have read a detective novel that began with this Bulwer-Lytton winner: "There are things a good detective can feel in his bones, and Dillon Shane knew Jasmine Kimberly Collingsworth did not drown in her sleep on New Year's Eve."

And every spy novel I read loses me in a hairpin-turn first sentence like:

"It came to him in a cocaine rush as he took the Langley exit that if Alrich had told Filipov about Hancock only Tullengien could have known that the photograph which Wagner had shown to Maximov on the jolting S-bahn was not the photograph of Kessler that Bradford had found at the dark, sinister house in the Schillerstrasse the day that Straub told Percival that the man on the bridge had been Aksakov Paustovsky, which meant that it was not Kiliest but Kruger that Cherenkov had met in..." (That is about half the sentence that recently won the Bulwer-Lytton spy-fiction category.)

"During an exuberant rainfall, a languid bottle of salad dressing sat passively on a Formica counter top." Bulwer-Lytton sentences, polished to perfect imperfection, are works of anti-art. They are clogged with metaphors, similes, adjectives and adverbs. The words pile into and crumble onto one another like (stop me before I

overdose; the disease is catching) cars tailgating at high speed on a foggy freeway. And modifiers multiply madly, as in a "garden redolent of burgeoning tropical paradise."

Run for shelter, gentle reader: Rain is "splattering like raisins dropped by uncaring gods." But do not jostle the elderly woman whose lined face is "like a patchwork of meandering rivers strung together over a bed of waffles."

Thrill to adventure: "The lovely woman-child Kan was mercilessly chained to the cruel post of the warrior-chief Beus, with his barbarian tribe now stacking wood at her nubile feet..." Admit it: You get guilty pleasure from the phrase "nubile feet."

The impresario of the Bulwer-Lytton contest is Scott Rice, a professor of English at San Jose State. Because

"The sun rose slowly, like a fiery furball coughed up uneasily onto a sky-blue carpet by a giant unseen cat."

the contest demands only one sentence, it is, he says, perfect for persons "with short-winded muses." Obviously Mr. Rice is having fun. As are the authors of the 10,000 entries. But he has a serious point.

He believes that before you can write badly enough to win his contest, you must be a good writer. You must have a feel for how language misfires, how clumsy syntax can swallow thought. His contest is wordplay with a pedagogic purpose. If you can figure out what makes things (sentences, painting, foreign policies) awful, perhaps you can reason back to rules of excellence.

"Clad in a light summer frock, the mauve print which James gave her when James was still interested in frocks and she in James, Vera sits brooding at the tea table and stirs a cup of what she expects is execrable Irish Breakfast, wondering why it is that when one's lovers become one's friends the resulting social discomfort is impossibly but inescapably less intriguing than the sequestered malaise which results from the reverse."

As my blushing pen reproduces that sentence, a congressman is asking Rear Admiral John Poindexter if a particular person had been asked to do something in connection with the Iran-contra debacle. The congressman asks if the person had been "tasked with the effort." A Bulwer-Lytton dishonorable mention to the congressman who treats "task" as a verb.

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Greece Dr.	22,000	12,000	6,600	Dr. 49.56	Dr. 18,040
Ireland £Ir.	150	82	45	£Ir. 0.29	£Ir. 106
Italy Lire	380,000	210,000	115,000	Lire 756	Lire 275,200
Luxembourg L.Fr.	11,500	6,300	3,400	L.Fr. 18.41	L.Fr. 6,700
Netherlands Fl.	650	360	198	Fl. 1.21	Fl. 440
Norway* N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33	Ptas. 20,140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05	S.Kr. 1,110
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Soviet Executes Ex-Nazi Deported by U.S. in '84

MOSCOW — Fyodor Fedorenko, a former Nazi soldier of his U.S. citizenship and deported to the Soviet Union in 1984, has been executed for war crimes, Soviet officials said Monday.

Fedorenko was convicted of war crimes in June 1986 by a Crimean regional court in the Soviet Ukraine.

The official Tass press agency said Fedorenko, 78, a former resident of Waterbury, Connecticut, was executed by a firing squad. The date of the execution was not included in the Tass dispatch.

"The sentence, which was passed in June 1986 by the Crimean Regional Court to the Nazi war criminal SS man Fyodor Fedorenko, who was deported to the U.S.S.R. from the U.S.A. in 1984, was carried out," Tass said.

STRATEGY: Reagan Agenda

(Continued from Page 1)

some aides privately acknowledge that the administration has been largely unsuccessful in trying to influence the shape of such important legislation as the trade bill and catastrophic health insurance.

"We're in such a weakened position," a top official said, "that we have no real weapon left except a veto threat."

Mr. Baker, trying to maneuver between a resurgent Democratic Congress and intransigent administration conservatives, has proved a disappointment to some of his friends in Congress, where he was admired as a conciliatory Senate majority leader during Mr. Reagan's first term.

When Mr. Baker succeeded Donald T. Regan as chief of staff in March, it was believed that he would take the lead in forging a compromise to reduce the federal budget deficit and maintain a high level of military spending, at the cost of accepting some mild tax increases opposed by the president.

It has not worked out that way. The Democratic leader in the House of Representatives, Tony Coelho of California, said he thinks that "Baker wants to deal with the unengaged president does not."

Some Republicans give similar analyses. Senator Nancy Landon Kassebaum of Kansas said Mr. Baker went into the White House "thinking he could be a conciliator, as he was as majority leader," but came to realize that the roles were very different. "Basically," she said, "I think it's just Reagan being tough — Reagan being Reagan, you know."

Mr. Baker's team, which includes Kenneth M. Duberstein as deputy chief of staff and Thomas C. Griscom, the communications director, has learned that Mr. Reagan seems to be less concerned with legislative results than in the past.

"He has less chance of success even if he plays his cards right," a White House official said, "so it's more difficult to argue that he can win if he goes one way and will lose if he does something else. If you're going to lose anyway, why not make the case you believe in?"

According to some sources, Mr. Baker does not have the close relationship with the president as his two predecessors, Mr. Regan and Mr. Baker like each other, the sources say, but often are on different wavelengths.

A top White House official said there was "a basic misperception" when Mr. Baker replaced Mr. Regan that he would "just take over and run things." The official said that it was evident from the first that Mr. Reagan was going to set the priorities.

Still, White House officials insist that Mr. Baker is a long way from giving up. They say that Mr. Baker and his aides have also won some fights, behind the scenes.

Papandreu Visits Romania

VIENNA — Prime Minister Andreas Papandreu of Greece arrived in Bucharest on Monday at the invitation of President Nicolae Ceausescu of Romania to discuss international and bilateral issues.

A court in Simferopol, a Ukrainian town near Fedorenko's birthplace, convicted him of wartime atrocities while serving with Nazi forces at the Treblinka death camp in Poland and later at the Suttshof camp on what is now the Soviet Baltic coast. The verdict was handed down June 19, 1986.

Fedorenko also served in Nazi SS forces that occupied Warsaw, and was responsible for persecution of Jews in the ghetto there, according to the court's findings.

The last official mention of Fedorenko's case was on April 30 when General I. Gerasimov, a Foreign Ministry spokesman, said a final appeal still was pending before the Supreme Soviet, the country's parliament.

The failure of the appeal was not made public until Monday's dispatch about Fedorenko's execution.

Fedorenko entered the United States in 1949, claiming on his immigration form that he had been an inmate at Treblinka. He hid the fact that he had been a guard or a Nazi soldier.

In December 1984, a U.S. court stripped him of his citizenship, ending an eight-year court battle, and ordered him to leave the United States. His lawyers searched in vain for a third country to take him, and finally Fedorenko said he would return to the Ukraine voluntarily.

During his hearings in the Crimea, evidence showed Fedorenko shot prisoners who knelt at his feet and whipped inmates while herding them into gas chambers.

Fedorenko claimed that after being drafted into the Soviet Army he was captured by the Nazis and kept in prisoner of war camps during the remainder of the war.

In the past eight years Soviet courts have handed down at least 19 death sentences to former war criminals, but there had been no confirmation of any of the executions.

WEATHER: Little Relief in Sight

(Continued from Page 1)

and more extreme. But at present, the evidence supporting the greenhouse effect theory is "rather weak," according to Dr. Trevor Davies, acting director of the unit.

Try to pin down the weather, even a few days ahead, is a notoriously elusive task. At the European Center for Medium Range Weather Forecasts in Reading, southern England, a Cray X-MP/48 supercomputer, one of the world's most powerful, churns through up to 800 million calculations a second for more than two hours to produce a 10-day forecast.

Because of major advances in computer capacity and sophisticated observational data from satellites, forecasts have gained in accuracy, although they are far from infallible.

Dr. J. Austin Woods, an Irish scientist officer at Reading, said six-day forecasts produced by the center are roughly as accurate as the two or three day forecasts that were available in 1970.

The center, which is funded by 17 European countries, does not make forecasts itself. Instead, it sends its data to contributing meteorological centers, which add in regional factors to produce a national report.

In Britain, where temperatures dropped to 11 degrees centigrade (52 F), the Meteorological Office sees no major changes in Europe's weather over the next few days.

Gordon Higgins, a spokesman for the office, said, "There are some signs of a weakening of low-pressure conditions over Scandinavia and the Baltic which might enable the ridge of high pressure in the Atlantic to move forward a bit and bring in some warm weather."

He added, however, that "it is nothing really significant."

In Athens, the weather office said a 10-day heat wave was expected to last for at least another week. The government ordered a national state of emergency over the weekend after hospitals reported more than 600 people, mostly elderly, had died because of a combination of heat and atmospheric pollution.



USHERING IN DEMOCRACY — President Corason C. Aquino, right, addressed the new Philippine Congress on Monday. She criticized the international lending community for refusing to relax repayment terms for the country's debt and warned against threats to Philippine democracy, which was restored in full as Congress convened. Meanwhile, Communist rebels killed 18 soldiers and wounded six Monday near Luna.

GULF: Captain, Another Officer of Stark to Leave Navy

(Continued from Page 1)

owned oil tanker company, Abdul Fattah Bader, had announced earlier that the damaged ship would take on a partial assignment of crude oil in its undamaged tanks and make the return to the Gulf of Oman for offloading before heading to one of the large dry docks in Dubai for repairs.

The involvement of the U.S. Coast Guard, which had to approve safety equipment and operating procedures on the Kuwaiti tankers before they hoisted American flags last week, is a certain reminder to Kuwait that its refueling plan carries with it the burden of living under U.S. shipping regulations.

In addition, U.S. Navy officials have ordered an urgent, but also extensive investigation of how to protect navy warships from underwater and floating mines, which they suspect Iranian Revolutionary Guards of placing in Gulf waters.

Defense Secretary Caspar W. Weinberger said in Washington on Sunday that the navy's anti-mine capabilities in the Gulf would be bolstered to protect future convoys from mines.

The crash study, according to Rear Admiral Harold J. Bensen, is to draw on mine experts from the Mine Warfare Command in the United States, an 18-man "mine countermeasures team" currently in Kuwait, the U.S. central command, or rapid deployment force, based in Tampa, Florida, and the Middle East task force under Admiral Bensen.

"We're putting all those things together and they'll make some recommendations to Washington," Admiral Bensen said over the weekend.

Mr. Weinberger said there were anti-mine capabilities available in the Gulf that would make it necessary for the navy to send its three active duty minesweepers from U.S. ports.

"There are lots of things that we sweep mines with," he said. "There is a capability, if you have a small minefield, of simply using explosive demolition people and mine hunting personnel using very simple equipment to go and countermine that is blow up a few mines."

"It's not very sophisticated," Admiral Bensen continued. "It's a little bit hairy, but it can be done."

He also said the navy might deploy some of its Sea Stallion anti-mine helicopters to the Gulf. But navy sources said Sea Stallions were slowly to clear mines and might not provide a solution to the navy's most disturbing mine threat.

Some mountain passes in Austria were negotiable only with snow chains. The meteorological office in Brussels said Belgium experienced its cloudiest June in 100 years. Denmark also recorded the lowest number of hours of sunshine in June this century.

Nordic residents lined up outside travel agencies to buy tickets for Mediterranean destinations.

It rained much of the day in Paris. There were icy winds in Munich, a steady drizzle throughout most of the rest of West Germany and snow in the Alps.

The flash floods in Seoul were South Korea's third disaster this month. At least 156 people were reported dead or missing after rain inundated the central part of the country last week. Two weeks ago, Typhoon Thelma swept across the southern coast, leaving 324 people dead or missing.

The agreement on the ending of the conflict is a two-way pact between the two governments, and the Tamil militants are not expected to sign it. However, one news report quoted a spokesman for four of the six militant groups as saying that the four had told India they were prepared to sign a separate document pledging to keep the peace.

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Black Africa's Hostility to Israel Fades As More Nations Restore Severed Ties

By James Brooke

New York Times Service

LOME, Togo — "Shalom, Shalom," chanted African dancers as the Israeli Star of David fluttered, alongside the green, red and yellow flag of Togo.

With a warm welcome for Israel's prime minister, Yitzhak Shamir, Togo became last month the fifth black African nation to restore relations with Israel since 29 African countries broke ties in 1973.

These breaks were caused partly by Arab pressure and partly by arguments that Israeli troops had invaded African soil when they crossed the Suez Canal in the October 1973 war with Egypt.

And in the eyes of many Africans, Israel's close ties with South Africa have replaced the 1973 war as the main reason for not normalizing relations.

But after the Camp David accords restored diplomatic relations between Egypt and Israel, Africa's diplomatic embargo of Israel began to crumble.

Following Zaire's lead in 1982, Liberia, Ivory Coast and Cameroon have renewed ties with Israel. All are West African nations with predominantly Christian or animist populations.

Last month, Mr. Shamir's six-day Africa tour took him to Togo, Cameroon, Liberia and Ivory Coast.

In what may be an indication of waning African hostility to Israel, press reaction in West Africa was generally mild. Diplomats stationed in the region said.

"We can do business with Israel and keep our Arab friends," Egypt is doing exactly that," read one editorial in the Nigerian Tribune, an Ibadan newspaper. "Our Arab friends should not be seen as choosing our enemies for us. We call for the restoration of relations with Israel without further delay."

Femi Abba, a columnist in the Lagos daily newspaper National Concord wrote: "The Arabs are basically to blame for Israel's increased influence in Africa. Many African states reportedly complained about the inadequacy of Arab aid to them."

But Omajuru Natufe, a Nigerian columnist, wrote scathingly of "Zionism and its contemporary Siamese twin, apartheid."

"Israel has decided not to renew any military agreements with South Africa," said one Israeli diplomat based in West Africa. "Israel is going generally in the direction of other Western countries on South Africa."

It is often Israeli military expertise that opens the door to normal relations with black African nations.

The presidents of Zaire, Liberia and Cameroon are protected by elite armed units trained by Israeli military instructors.

In Liberia, it is popularly believed that quick intervention of Israeli security instructors allowed President Samuel K. Doe to survive a coup attempt in November 1985.

In Togo in September, the government of President Gnassingbe Eyadema was shaken by a coup attempt mounted from Ghana that left at least 13 persons dead. The following month, Benad Avial, di-

rector of the Africa division of the Israeli Ministry of Foreign Affairs, paid a discreet visit to Lome.

Israel's nonmilitary trade with black Africa was barely touched by Africa's diplomatic quarantine. In 1970, before the embargo, it was \$72 million. Last year, it was \$86 million.

In Nigeria, for example, an estimated 2,000 Israelis are working, largely in road building and agriculture.

In two other African countries, Ghana and Kenya, virtually normal trade and aid relations are facilitated by Israeli interest sections established in Western embassies.

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Oliver Tambo, left, the leader of African National Congress, and Sam Nujoma, the leader of the South-West Africa People's Organization, in Addis Ababa.

OAU Opens Summit Talks With Attack on Apartheid

United Press International

ADDIS ABABA, Ethiopia — Javier Pérez de Cuellar, the United Nations secretary-general, and Prime Minister Gro Harlem Brundtland of Norway called for Africa's economic recovery and an end to apartheid at the opening of the 23rd annual summit meeting of the Organization of African Unity here Monday.

Delegates at the session elected President Kenneth Kaunda of Zambia as the new chairman of the organization for a year.

During his speech, Mr. Pérez de Cuellar called for the release of all political prisoners and detainees in South Africa, including Nelson Mandela, and "a meaningful dialogue" between Pretoria and the opposition.

Turning to economic issues, he said low commodity prices last year had caused a loss in export earnings of \$19 billion for Africa, a continent beset by a \$200 billion debt burden.

"The real danger is that failure by the international community to provide adequate support and increased concessional finance could dramatically affect social and political stability" in Africa, Mr. Pérez de Cuellar said.

Addressing heads of state of the 50-nation organization, Mrs. Brundtland said much of Africa's debt "will not and cannot be paid back in any real sense."

"To appease," she said, "what is needed are new loans on concessional terms, new investments and economic reforms."

"New policies must comprise debt relief, long-term restructuring and conversion to softer loans," she said.

Mrs. Brundtland, who presented a report on the state of the environment to several African delegations, sharply criticized South Africa.

Mr. Kaunda served as chairman of the organization in 1970-71.

Gandhi to Sign Accord to End Sri Lanka Fighting Tatar Group Received

By Sanjoy Hazarika

New York Times Service

NEW DELHI — Prime Minister Rajiv Gandhi of India will travel to Colombo on Wednesday to sign an agreement with Sri Lanka's president, J.R. Jayawardene, aimed at ending a four-year civil war that has taken thousands of lives.

The agreement on the ending of the conflict is a two-way pact between the two governments, and the Tamil militants are not expected to sign it. However, one news report quoted a spokesman for four of the six militant groups as saying that the four had told India they were prepared to sign a separate document pledging to keep the peace.

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ARTS / LEISURE

Bohan, Scherrer: Short and Pretty for Evening



Marc Bohan's mink-trimmed black dress for Dior.

PARIS—With the performance of Christian Lacroix on Sunday, a fashion page was turned and his was a hard act to follow. But with help from Jean-Louis Scherrer and Marc Bohan, of Dior, who both had pretty collections, Monday was business as usual. But there were customer-oriented collections. Lacroix's was packed with news and was highly directional. By now, the verdict is in. Minis are here to stay and short evening wear is what's happening. All curves are outlined over miles of legs in sheer black hose. At Pierre

HERE DORSEY

Cardin, a bride was adorable in a white tulle dress with a white tulle cape attached to the shoulders. Fabrics are on the opulent side, with lots of black velvet trimmed with mink or sable. For evening, stiff satins and rustling taffetas and failles are redefining a new and more sculptured silhouette. There is a lot of color around, with purple a strong leader. Unlike many Paris winter collections, this is not a somber season.

Cardin's collection which opened the Monday shows, was a killer. Hundreds of models went by on the stage of his theater — a trying experience. It is hard to understand why he insists on showing daytime clothes. When they are not *déjà vu*, they do not come close to good ready-to-wear. Fortunately, things picked up with evening wear, courtesy of his lifelong collaborator and friend, André Oliver, who has been designing this department with great success for years.

The daytime outfits were mostly Cardin revisited with the only memorable shape a cute, stretch mini that he showed in black with 10-inch-wide elasticized belt. Car-



Pierre Cardin's ruffled minidress.



A Viennese influence marked Scherrer's collection.

din's customers, a group of unusually elegant women, including Claude Pompidou, loved the evening wear. Short looked best but there was something for everybody, including a long black sari edged with fake diamonds.

Organza petal coats, including a

hot pink one over a black stretch mini, stood out.

For Scherrer, it was Happy Father's Day with his two running young daughters, Leonor and Laetitia very much around. Leonor was giving Daddy a big hand from the second row while Laetitia came

on the runway on her father's arm — a beautiful, blonde bride.

Scherrer had a much better collection than usual — short and snappy and lighthearted. The music, Viennese waltzes, was a far cry from his usual morose tunes. With Scherrer, every woman is going to

turn into another Empress Sissi as the collection revolved around dreams of the Austro-Hungarian empire at the turn of the century. Charming folkloric was back in — from fringed loden capes to elaborately embroidered evening gowns in colorful velvets and black braiding that graced the court of the Viennese emperors. White, fur-trimmed skating dresses, hunting costumes and androgynous suits borrowed from what men used to wear in Viennese cafés were in the same vein.

Suits were embroidered with braid and tassels and as rich as Viennese officers' uniforms. Fur trimmings abounded, with fur collars, hats, cuffs and muffs decorated with fox's heads in pastel colors. Valérie-Anne Giscard d'Estaing, the daughter of the former French president, loved the short evening wear, which turned out to be the strongest group.

Jean Barthes' hats for Scherrer were most elaborate and sophisticated. Barthes is one of the last great milliners in Paris, a true artist whose career seems to be finding a push now in a new American market and talk of perfume.

Dior is still potent enough to pack them in and it was hard to match such a brilliant house —

with Bernadette Chirac and a slew of young, pretty and rich American customers — what Women's Wear Daily dubbed "Nouvelle Société." Among them, Lynn Wyatt and Ivana Trump, who looked like a pink bonbon. Close by were Princess Ferial from Jordan, Régine, and Rosa Polo, whose husband, Roberto, backs the house of Miguel Cruz.

Bohan managed to deliver his best collection in years — a treat after many sluggish seasons.

This collection was young, short and full of exciting colors and details. The beginning was the dullest part — with suits of mink-trimmed gray or black pin-striped flannel. But after this stern opening, it was uphill all the way.

Short, full and flaring coats were worn over short dresses and came in happy colors — red, purple, green and a brilliant yellow. One of the best looking suits had a long, slightly masculine and dapper jacket over a mini. The ambiguous masculine dress, black with a starched white masculine collar, is another Bohan specialty and went down well with his customers.

But mostly this designer had the best selection of little black evening dresses — a Paris perennial — in years.

paco rabanne

Haute Couture Winter 87/88

Ecole des Beaux Arts
By invitation only

Bridging the Category Gap

By Michael Gross

New York Times Service

NEW YORK — Only in fashion could better be worse. Confused? That's all right; lots of other people are confused by the categories, like "designer," and "better," that retailers use to sell women's clothes in the United States.

"We segment our store to make it easier for the customer to shop," said Burton Tamsky, president of Saks Fifth Avenue. "You try to put like businesses adjacent to each other."

These categories are most apparent in department stores. The lines blur in specialty stores and often disappear in small boutiques.

Once, U.S. stores divided most women's clothes into "missy" (now sometimes called "misses") and "junior" categories. Full-cut missy styles were for mature women. Junior styles were for small-bodied young women.

In the 1970s a new category, "contemporary," came into being. "It was for the junior growing up who didn't feel comfortable in either junior clothes or her mother's clothes," explained Kalman Rutenstein, senior vice president for fashion direction at Bloomingdale's.

Stores now use more specific categories, each of which can include casual, career and evening clothes, divided into "traditional" or "updated" subcategories. These are the categories a shopper needs to know.

COUTURE: A term often used incorrectly to refer to the highest-priced designer ready-to-wear lines. Strictly speaking, couture clothes are made-to-measure fashions purchased directly from a handful of designers who fit them personally.

DESIGNER: Top-of-the-line mass-manufactured clothes from well-known designers who are highly respected for their creativity. Though clothes by Bill Blass, Geoffrey Beene and James Galanos, for example, are sometimes referred to as "American couture," and clothes by high-priced young designers are sometimes called "new couture," they are all designer ready-to-wear.

BRIDGE: When are designers not designers? When they fit into this growing new category, which was invented to bridge the gap between designer labels and cheaper mass-manufactured brands. Though bridge labels often carry a designer's name, these designers are considered to be of lesser stature.

Ellen Tracy, Adrienne Vittadini, Andrea Jovine, Basco, Joan Vass, Nancy Heller and Tahari are well-known bridge labels. Many designers also have bridge divisions, among them Anne Klein II, Perry Ellis Portfolio and Calvin Klein Classics.

CONTEMPORARY: "It's fast-breaking fashion," said Rutenstein. Contemporary can mean fashionable sportswear from such labels as Agnes B., Guess, Basco or Willwear. But at higher prices, what are known as advanced contemporary subcategories can also include the labels of young designers like Rifat Ozbek, Marc Jacobs, Norbury & Osuna and David Cameron.

BETTER: Less individualistic career clothes from labels such as Liz Claiborne, Evan-Picone and Jones New York. "Updated" better

resources pick up on bridge looks at a better price," said Basha Cohen, the director of fashion merchandising at the Associated Merchandising Corp., which advises many department stores on buying decisions. Translated, that means that "better" labels that are more fashion-conscious often copy bridge styles and sell them for less.

MODERATE: Bread-and-butter business for department stores. "It's about as mass-market as we get," said Joan Kemer, the fashion director of Macy's. A customer

here, said Cohen, "doesn't want to invest her life savings in clothes." Often, manufacturers of moderates offer items — a sweater, a blouse — as opposed to outfits.

MAIN FLOOR: What Cohen called "commodities," one-pocket T-shirts or tank-tops, for example.

BUDGET: Few fashion-conscious department stores stock budget clothes anymore. Rather, they are sold in discount stores. "You've hit rock-bottom," Cohen said. "Serious polyester."

DOONESBURY

NOUVELLE COLLECTION
AUTOMNE-HIVERLouis Féraud
PARIS

• 88, rue du Faubourg-Saint-Honoré
• 205, rue Saint-Honoré
• 47, rue Bonaparte
• Palais des Congrès
Porte Maillot

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the more pleasurable its
interludes should be.

Even though Singapore Changi Airport offers you some of the fastest and most convenient connections in Asia, we know any transit stop costs you time. We therefore go out of our way to make your stay here as pleasurable and as useful as possible. By offering you the choice of over 40 shops to buy a wide range of items — from souvenirs to jewellery, from cameras to candies at bargain prices. Or 9 restaurants serving delicacies to please every palate. Or a business centre, a nursery, and day rooms (6-hour rates). Of course we also balance the pressures and hectic pace of jet-age travel with cool, calm and courteous efficiency to help you get on with your journey. That's how we treat all our 10 million visitors a year. After all, according to the Business Traveller Magazine, we're the best airport in Asia.

CAAS

Civil Aviation Authority of Singapore

SINGAPORE CHANGI AIRPORT
THE AIR TRAVELLER'S HAVEN

NYSE Most Active				
Vol.	High	Low	Open	Close
Procter & Gamble	45.00	44.75	44.75	44.75
Johnson & Johnson	25.00	24.75	24.75	24.75
Merck	12.00	11.75	11.75	11.75
Amgen	10.00	9.75	9.75	9.75
Abbott	8.00	7.75	7.75	7.75
Novartis	7.00	6.75	6.75	6.75
Roche	6.00	5.75	5.75	5.75
Schering	5.00	4.75	4.75	4.75
Glaxo	4.00	3.75	3.75	3.75
SmithKline	3.00	2.75	2.75	2.75

Dow Jones Bond Averages				
Bonds	Class	Open	Close	Change
Government	10-yr	100.00	100.00	0.00
Government	30-yr	100.00	100.00	0.00
Government	5-yr	100.00	100.00	0.00
Government	2-yr	100.00	100.00	0.00
Government	1-yr	100.00	100.00	0.00

Market Sales				
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume

NYSE Diary				
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open

NYSE Index				
High	Low	Open	Close	Change
High	Low	Open	Close	Change
High	Low	Open	Close	Change
High	Low	Open	Close	Change

Odd-Lot Trading in N.Y.				
Buy	Sell	Volume	Open	Close
Buy	Sell	Volume	Open	Close
Buy	Sell	Volume	Open	Close
Buy	Sell	Volume	Open	Close

Monday's NYSE Closing				
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change

Dow Jones Averages				
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change

AMEX Diary				
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open

Standard & Poor's Index				
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change

NASDAQ Index				
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change

NASDAQ Diary				
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open
Advanced	Declined	Unchanged	Volume	Open

AMEX Most Active				
Vol.	High	Low	Open	Close
Vol.	High	Low	Open	Close
Vol.	High	Low	Open	Close
Vol.	High	Low	Open	Close

AMEX Stock Index				
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change
Open	High	Low	Close	Change

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Up in Moderate Trading

United Press International
NEW YORK — Prices on the New York Stock Exchange posted modest gains in moderate trading Monday, drawing support from steady bond prices and a firm dollar.

The Dow Jones industrial average rose 8.61 to close at 2,493.94. Advancing issues outnumbered declines by about 4 to 3 among the 1,993 issues traded.

Volume totaled about 152 million shares, down from 158.4 million on Friday.

"The market oozed up and won ugly," said Larry Wachel, analyst at Prudential-Bache Securities. "Hardly anyone is here, the advance doesn't have any real staying power or flair, there's not a lot of conviction, but it still won."

The market's resilience "confounds everyone," he said.

"Bonds are dicey, the dollar has stopped climbing; by all definitions, the market should be going into a correction, and yet it continues to defy that reasoning," he said.

Larry Greenwald, co-manager of equity trading at Sanford C. Bernstein & Co., said, "We haven't had a major correction, but there's still a fair amount of skepticism."

Rodd Anderson, vice president in equity trading at Shearson Lehman Brothers, said a Dow retreat to 2,450 this week is likely.

Southern Co. was the most active NYSE-listed issue, slipping 1/4 to 24.

Pinnacle West Capital followed, unchanged at 31 1/2. AT&T was third, rising 1/2 to 31 1/2.

Among other blue chips, Coca-Cola rose 1/4 to 47 1/2, Merck advanced 1/4 to 18 1/2, IBM jumped

1 1/2 to 162 1/2, USX rose 1/4 to 37, Eastman Kodak rose 1/4 to 88 1/2, Union Carbide rose 1/4 to 28 1/2 and General Electric added 1/4 to 37 1/2.

On the losing side, Du Pont fell 1/4 to 124 1/2, Ford Motor dropped 1 to 103 and Chrysler slid 1/2 to 38 1/2.

American Express rose 1/4 to 35 1/2. The company said its board authorized the repurchase over the next two to three years of up to 40 million common shares, or about 9.3 percent of the company's 429 million shares outstanding.

In the technology group, Digital Equipment rose 1 to 163 1/2, Cray Research jumped 2 1/2 to 102, NCR rang up 1 1/2 to 77 1/2 and Unisys jumped 2 to 130 1/2.

International Multifoods jumped 4 1/2 to 36 1/2. The company, a frequent focus of takeover speculation, said late Friday that an investor group had filed for federal approval to raise its stake in International Multifoods to up to 34.9 percent.

Standard Brands Paint rose 1/4 to 30 1/2. It rejected a \$28-a-share takeover bid.

McGraw-Hill Publications rose 3 to 70 1/2 and Macmillan climbed 2 1/2 to 67 1/2 on speculation that British Printing & Communication Corp., after dropping its attempt to buy Harcourt Brace Jovanovich, may seek to acquire another U.S. publisher.

Cummins Engine fell 4 1/2 to 83 1/2 after reporting a rise in second-quarter earnings that fell substantially short of Wall Street's expectations.

Prices eased in moderate trading of American Stock Exchange and over-the-counter issues.

DIVIDEND

50¢

per common share
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Record: August 21, 1987
Declared: July 22, 1987

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PANHANDLE EASTERN CORPORATION

TUESDAY, JULY 28, 1987

INTERNATIONAL STOCK MARKETS

In Vienna, Eager Investors Coming Out of the Woods

By FERDINAND PROTZYMAN

VIENNA — In July and August, the Viennese traditionally desert the city en masse, retreating to summer homes in the Vienna Woods or escaping to Austria's lakes and mountains to beat the heat and the throngs of tourists. But in the midst of the dog days here, the Vienna Stock Exchange is experiencing a surprising, foreign-powered boom that many market experts believe could last through the year.

The rise began in early July after a strong buy recommendation for Austrian stocks from the British brokerage Griesvoss, Grant & Co. Trading volume has climbed to one daily record after another, extending the trading session several times and sending prices soaring. The boom has even forced some brokers to delay their sacrosanct vacations.

"The initial spark came from British institutional investors, then spread to the Dutch and West Germans," said Joachim Kühner, an economist at Creditanstalt Bankverein AG, Austria's largest bank. "Now the Austrian investors are climbing aboard, both institutions and small private investors. We've had to install seven new telephone lines to handle all the business."

French, Belgian and American investors have also helped fuel the explosion, which ended a prolonged period of market lethargy. Vienna topped the world's stock exchanges in 1985 with a 130 percent rise, mainly on foreign buying, but the market stagnated in 1986. Then prices fell 18 percent in the first half of 1987 from the year-earlier period, according to exchange officials.

That decline leveled off in June, as stocks drew support from the dollar's relative stability and the enduring boom on the New York Stock Exchange, said Gerhard Grund, the head of the securities department at Genossenschaftliche Zentralbank AG.

Share prices have risen 20 percent since the start of July and climbed at an even faster pace in the past week. By Monday, the Creditanstalt Index had risen 17.4 percent, to 218.11, since July 1.

Some brokers have had to delay vacations to handle the surge in business.

VOLUME HAS also soared. The latest daily volume record of 283 million Austrian schillings (\$22 million) was set last Wednesday, breaking the mark of 212.6 million schillings set July 17. The session, which normally ends at 1:00 P.M., was extended 45 minutes Wednesday to cope with the flood of orders.

"It's astonishing when you consider that daily volume averaged about 12.5 million schillings in June, and was as low as 2 million schillings on some days in the winter," said Mr. Grund.

Why the sudden interest in what remains one of the world's secondary markets? Stefan Handl, the head of Citibank (Austria) AG, said several fundamental economic factors "make investment in Austria well-considered," including social and currency stability and the government's moves to liberalize the markets.

Gross national product is expected to grow only 1 percent this year, after 1.7 percent in 1986, but analysts said the private industrial and service sectors offer attractive opportunities.

"The situation of the country's economy as a whole is better than the negative publicity we've enjoyed recently," said Mr. Kühner, referring to the woes of Austria's state-owned heavy industries, which continue to chalk up massive losses.

Perfumoer AG, a construction company, was a nearly unanimous pick by analysts. Despite fierce international competition, its 1986 profit rose to 76.5 million schillings from 44.3 million in 1985, and further improvement is expected this year. Shares rose to 760 schillings Monday from 693 schillings July 3.

The chemical concern Lenzing AG and paper-producer Leykam AG are also favorites, along with banks, where analysts said Creditanstalt tops the list. The brewery sector is also popular.

But Mr. Handl of Citibank cited one need for caution. "The relative thinness of the market and liquidity must be kept in mind," he said. "If you purchase a half-million dollars of some Austrian stocks, you can move the market 5 percent. To an unwary investor, that can look like there is broad support when there really is not."

Currency Rates

Cross Rates	July 27	July 27	July 27	July 27	July 27	July 27	July 27	July 27	July 27
American dollar	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
British pound	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500
French franc	6.5500	6.5500	6.5500	6.5500	6.5500	6.5500	6.5500	6.5500	6.5500
German mark	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
Italian lira	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
Japanese yen	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
Swiss franc	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
U.S. dollar	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600
West German mark	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600

Interest Rates

Interest Rates	July 27	July 27	July 27	July 27	July 27	July 27	July 27	July 27	July 27
1 month	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3 months	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
6 months	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
1 year	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
2 years	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
3 years	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
4 years	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
5 years	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
10 years	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
15 years	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
20 years	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
25 years	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
30 years	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
35 years	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
40 years	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
45 years	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
50 years	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
55 years	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%
60 years	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
65 years	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
70 years	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
75 years	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
80 years	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
85 years	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%
90 years	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
95 years	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
100 years	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%

Spending In U.S. Up 0.7%

Outpaces Rise In June Income

WASHINGTON — U.S. consumer spending jumped 0.7 percent in June, the largest spending gain since April, although Americans' personal incomes rose only 0.4 percent, the Commerce Department said Monday.

The spending increase followed a 0.1 percent decline in May and a 0.8 percent climb in April, while the income rise followed revised 0.5 percent increases in those months.

The income revisions, from rises of 0.2 percent in May and 0.4 percent in April, were made in conjunction with the department's annual recalculation of gross national product figures.

Personal consumption spending, which includes virtually everything except interest payments on debt, increased at an annual rate of \$20.4 billion in June following a decline of \$3.8 billion in May.

Purchases of durable goods, items expected to last three or more years, increased \$9.8 billion in June, reversing a \$7.8 billion May decline in May. The swings were attributed to auto purchases.

Purchases of nondurable goods fell at an annual rate of \$2.9 billion, the second monthly decrease, while service purchases were rising at an annual rate of \$13.6 billion from \$5.9 billion last year.

The June and May increases in personal incomes were affected by large increases in retroactive payments for Social Security benefits, which inflated the May advance, and in government subsidy payments to farmers in both months.

Americans' disposable, or after-tax, income edged down 0.1 percent in June after rising a record 3.6 percent in May. The May increase, however, was merely a return to more normal levels after large tax payments in April.

Meanwhile, sales of existing single-family homes, hurt by a jump in mortgage rates this spring, fell 6.1 percent in June, the biggest decline since a 14.3 percent drop in January, the National Association of Realtors said.



The fuel-efficient Tropicalia cruise ship helped make Carnival the industry leader.

Top U.S. Cruise Line Floats Shares

But Some Analysts See Snags in Carnival's Offering

By Kurt Eichenwald
New York Times Service

NEW YORK — At a dinner for cruise line executives nine years ago, Ted Arison, then the president of Carnival Cruise Lines Inc., made an announcement that would help turn the industry around: He was going to build a ship.

"It certainly surprised me," one official who attended the dinner said. "People were predicting we had seen the construction of our last cruise ship. It was hard for anyone to believe that you could build a ship that was cost effective."

But build Mr. Arison did, and that ship, the fuel-efficient Tropicalia, helped to catapult Carnival from a second-tier line to the industry giant, with seven ships serving the Caribbean and coastal waters of Mexico, another ship under construction and 1986 revenue of \$420.8 million.

"Carnival — and The Love Boat" — have made our industry," said Donald L. Caldera, chairman of Bermuda Star Line Inc., a competitor based in Teaneck, New Jersey. "Love Boat" is a popular television series that was filmed on a cruise ship.

Now the family-run Carnival

Goldsmith Sells CGE a Stake in Media, Retailer

By Jacques Neher
Special to the Herald Tribune

PARIS — Compagnie Générale d'Electricité, the French electrical engineering and telecommunications concern, said Monday it had bought most of Sir James Goldsmith's large minority holding in Générale Occidentale, the French media and retailing group that the Anglo-French financier founded.

The sale, which some analysts estimated would bring Sir James 1 billion French francs (\$162 million), baffled the financial community and left analysts wondering if Sir James was pulling out of France, or merely regrouping his assets for another try at creating a communications empire.

Générale Occidentale confirmed that Sir James and General Oriental Investments Ltd., another company he controls, had sold to CGE his 31 percent ownership in Trocadero Participations, Trocadero, holding company, controls 34 percent of Générale Occidentale's stock and is its main shareholder.

CGE, which already had 49 percent of Trocadero, now becomes Générale Occidentale's controlling shareholder.

Sir James, who retains "less than 5 percent" of Générale Occidentale stock, will remain as chairman of the company, said Gilberte Beaux, administrator-general manager and the company's No. 2 executive.

"It's a financial transaction that does not affect the assets, activities or strategies of Générale Occidentale," Mrs. Beaux said.

All calls to Sir James were being routed to Mrs. Beaux.

Générale Occidentale, which reported 1986 revenue of 18.87 billion francs, controls the Grand Union supermarket chain in the United States and a media operation in France headed by the weekly news magazine, L'Express.

Last fall, Générale Occidentale bought a 59 percent stake in Presse de la Cité, France's second-largest publishing group, after a bitter fight for control with Carus, the holding company for Carlo de Benedetti, the Italian industrialist.

Industry analysts were surprised by Sir James's move.

"I haven't a clue what's going on," said Susanna Hardy, who covers Générale Occidentale for James Capel & Co. in London. "This is the most puzzling thing to come out of France in a long time."

Générale Occidentale's stock on the Bourse recovered from early losses to close unchanged from Friday's 1,185 francs. "There were a lot of buy and sell orders, which reflects the bafflement of the market," Mrs. Hardy said.

CGE's stock was up 1 franc at 330.90.

Mrs. Hardy said Sir James's action means "he's obviously feeling restless. It looks like he's moving out of France." She said she doubted CGE would keep Sir James as the functional chairman.

An article in London's Sunday Times stated that Sir James had recently liquidated other assets in Britain and the United States, such as his 10 percent share of Aspinall Holdings PLC, which has gambling interests. It speculated that he was preparing "to move on to conquer another country."

Last year, Sir James failed in his takeover attempt for Goodyear Tire & Rubber Co., but in the United States he also controls Crown Zellerbach Corp.'s forest products and cardboard operations.

In Paris, Sibylle Savelli, an analyst with Financière Dufour-Ker-ven, said Sir James more likely sold his Trocadero holding to raise cash for another assault in the French media sector.

Maxwell Ends Litigation, Drops Bid for Harcourt

Compiled by Our Staff From Dispatches

NEW YORK — Robert Maxwell ended Monday his three-month attempt to take over Harcourt Brace Jovanovich Inc. for around \$1.73 billion.

He said he was dropping litigation designed to stop Harcourt's \$2.9 billion restructuring.

Harcourt, an entertainment, publishing and insurance company based in Orlando, Florida, implemented the restructuring plan in May to thwart an unwanted buyout offer from Mr. Maxwell's British Printing & Communication Corp.

The plan set a special dividend, payable Monday, of \$40 a share in cash and a new issue of preferred stock.

British Printing sued in federal court to block the recapitalization and the dividend payment. Mr. Maxwell argued that the dividend amounted to fraud because it exceeded by more than \$1 billion

West German Trade Surplus Grew in First Half

BONN — West Germany's merchandise trade surplus grew to \$5.5 billion Deutsche marks (\$30 billion at current rates) in the first six months of this year, the Federal Statistics Office reported Monday.

That represented a widening of 9.5 percent from 50.7 billion DM in the year-earlier period.

Economists said 1987's full-year trade surplus would probably match last year's record level.

In June, however, the provisional surplus narrowed to 8.3 billion DM from 10.6 billion DM in May and 9.9 billion DM in June 1986.

The statistics office said the surplus on current account, a broader trade measure that includes services such as banking and insurance, also narrowed in June, to a provisional 4.6 billion DM from a revised 7.8 billion DM in May.

The office had posted a provisional May current account surplus of 7.5 billion DM.

In the first six months of this year, the current account surplus expanded to 38.5 billion DM from 35.1 billion in the corresponding period in 1986.

Like Japan's, West Germany's trade surplus contrasts with the deficit being run by the United States. The Reagan administration has called on Bonn to stimulate domestic demand for goods in its economy, to boost imports.

"If the dollar continues to firm, it is hard to see the trade surplus falling at all in 1987," said Hubert Kreuer, an economist at West-deutscher Landesbank Girozentrale in Düsseldorf.

The surplus advanced to a record 112.2 billion DM in 1986, from 73.4 billion DM in 1985.

The government has argued that, although imports are falling in value, West Germany's purchases of foreign goods are rising in volume terms.

Imports fell a nominal 6.3 percent to 201.1 billion DM in the six months to end-June.

But as import prices fell on average by around 10 percent in this period, imports rose by just under 4 percent in real terms, while exports were unchanged in real terms, the statistics office said.

Ute Geipel, head of research at Citibank AG in Frankfurt, said it was significant that exports were stagnant in real terms in the first six months of 1987 despite the additional strength of the mark.

The stronger mark has not hit West Germany's export-oriented economy as hard as many economists predicted.

For June, imports totaled 33.78 billion DM, down 2.0 percent in value terms from the year-earlier month but 3.1 percent higher than in May. June exports totaled 42.10 billion DM, down 5.2 percent from June 1986 and down 2.8 percent from May.

Brazil Asks U.S. Banks for \$7 Billion

By Eric N. Berg
New York Times Service

NEW YORK — Only weeks after major banks in the United States declared that a quarter of their Latin American loans were probably worthless, Brazil has asked its bank creditors for \$7.2 billion in new money at zero interest.

The request, which covers Brazil's external financing needs for 1987 and 1988, came at a meeting Friday in New York between Brazil's new finance minister, Luiz Carlos Bresser Pereira, and the chairman of major banks.

The bank group included A.W. Clausen of the Bank of America, Walter V. Shipley of Chemical Bank, Charles S. Sanford Jr. of Bankers Trust, John F. McGillicuddy of Manufacturers Hanover and Willard C. Butcher of Chase Manhattan.

Citibank's chairman, John S. Reed, did not attend the meeting because he was traveling, but Mr. Bresser Pereira met separately with William Rhodes, Citibank's chief debt negotiator.

There was no answer to telephone attempts to reach a Citibank spokesman, Richard Howe, for comment on the meeting with Mr. Bresser Pereira.

Friday's meeting was Mr. Bresser Pereira's first formal encounter with bankers since his contemplated 5 percent growth this year and 6 percent next year.

To finance such growth according to the Brazilian projections, the banks would need to provide \$4.3 billion in new money in 1987 and \$2.9 billion in 1988.

Mr. Bresser Pereira argued that the Brazilian economy was still in such disarray that the banks should be willing to provide the new money at zero interest.

Although the request could well be the opening bid for easy terms, it indicated that the Brazilians would be bargaining hard.

"If the banks already have a 40 percent discount on their existing loans, why can't they give us a zero spread," Mr. Bresser Pereira asked rhetorically.

He said Brazil still declined to have an agreement with the International Monetary Fund as a prerequisite for new bank money.

What Brazil specifically opposes, he said, are so-called cross-default clauses under which a country that defaults on its IMF agreement is automatically declared in default on its bank loans. Mr. Bresser Pereira said Brazil would agree to an IMF economic program after receiving the bank money.

In an interview after the meeting Friday, Mr. Bresser Pereira said he presented the bankers with a new economic program for Brazil that

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BUSINESS ROUNDUP

Elsevier Increases Bid for Kluwer

AMSTERDAM — Elsevier NV, the Dutch publisher, said Monday that it was raising its bid for Kluwer NV by 46.2 guilders to the equivalent of 444 guilders a share. The new bid values the rival publisher at 1.11 billion guilders (about \$532 million).

Elsevier, the country's second-largest publisher, embarked on a hostile bid for Kluwer last month. It is competing for the publishing company against a third publisher, Wolters Samsom Groep NV. Wolters Samsom has launched a merger bid with Kluwer has agreed.

As another line of defense, Kluwer has ensured voting rights in the company through a preference

share issue. It said last week it was confident the Wolters Samsom bid would succeed.

Last week, Elsevier said it had bought 30 percent of Kluwer's outstanding ordinary stock on the bourse.

At the same time, Wolters said it held 5 percent of Kluwer and could not afford to buy more on the open market.

Wolters's offer values Kluwer at 433 guilders a share, 11 guilders below the new Elsevier offer.

The stakes are high in the takeover battle. If Elsevier wins, it will edge out VNU NV as the largest Dutch publisher. If Kluwer and Wolters Samsom merge, they will

push Elsevier down into third place.

Kluwer has called the hostile bid a "surprising way of behaving in the Netherlands" and seized upon it as an example of why the two companies are incompatible.

Unfriendly takeover bids are very unusual in the Netherlands.

Elsevier said that it was now offering five share certificates and 175 guilders in cash for each of Kluwer's 2.43 million ordinary shares, against six certificates and 75 guilders in the previous offer.

It said the offer was valid until next Monday.

All three companies' shares were suspended on the Amsterdam bourse in early trading Monday, with Elsevier last trading at 53.80 guilders, down 0.30 from Friday.

Wolters was trading at 125 guilders, down 0.50, while Kluwer was trading at 414 guilders, up 2 from Friday.

Wolters, whose offer for Kluwer is valid until Thursday, said it was studying Elsevier's bid.

Reuters Pretax Profit Jumped 42.6% to £81 Million in Half

LONDON — Reuters Holdings PLC, the news agency and financial information services company, said Monday its pretax profit was £81 million (\$130.6 million) for the first half of 1987, up 42.6 percent over the like period last year.

Revenue, at £400.4 million, was 49.3 percent higher, up from £268.2 million.

The results were better than expected. Analysts had predicted first-half pretax profit of between £70 million and £74 million.

The company said it enjoyed stronger demand in all its major markets.

Net profit soared 44 percent to £51 million, or 12.2 pence a share, from £35.4 million, or 8.6 pence a share, in the year-earlier period.

Earnings for the company's American subsidiary shares rose to \$1.18 a share from 83 cents.

Glen Renfrew, managing direc-

tor and chief executive of Reuters, said, "We do not expect results for the year as a whole to match the large percentage gains of the first half, largely because performance in the second half of 1986 was particularly strong."

"However, new orders are buoyant and, subject to currency and other uncertainties, we do expect continued good progress in line with Reuters high growth targets."

The financial controller, Chris Thomas, said revenue growth in Europe was particularly strong, rising from £141.6 million in the first half of 1986 to £226.4 million.

Reuters earned 56 percent of its revenue providing information about money, including foreign exchange and international and domestic deposit rates.

The remainder of the revenue came from client systems, securities, commodities and media services.

TSB Group Drops Offer for Hogg Robinson

LONDON — TSB Group PLC said Monday that its £282 million (\$453 million) takeover offer for Hogg Robinson Group PLC had lapsed following the approval by Hogg Robinson shareholders of a board proposal to split the company into separate units.

TSB's bid for Hogg Robinson, launched earlier this month, was conditional on the Hogg Robinson proposal's not being approved by shareholders.

Hogg Robinson is involved in travel, insurance, real estate and shipping.

In parallel with its bid for Hogg Robinson, TSB had agreed with

Dewey Warren Holdings PLC to sell Hogg Robinson's insurance brokerage for £116 million if its offer for the whole of Hogg Robinson became unconditional.

Dewey Warren is an insurance broker controlled by an Australian

Elders Adopts Outside Plan To Split Into 4 Companies

Compiled by Our Staff From Dispatches

MELBOURNE — Elders DXL Ltd., the diversified Australian company, said Monday that it had agreed in principle to restructuring proposals from AFP Investment Corp. that would split Elders into four new public companies.

On July 23, the Sydney-based AFP acquired options for 20 percent of Elders, saying it would exercise them upon the restructuring.

AFP had said a major reason for its move was the prospect of John D. Elliott, Elders chairman, entering federal politics, and the plan provides an incentive for him to delay his plans. The proposals would give senior management, particularly Mr. Elliott, increased equity participation in Elders through the options AFP purchased last week. His participation, however, would depend upon his staying as chairman for three years.

Elders said the proposals would benefit all shareholders through a more efficient structure. The plan would increase returns to shareholders, make valuation of the component assets easier and allow shareholders to vary investments among the different businesses.

Elders said the companies would be the Elders Brewing, Finance and Agri-business groups while a separate investment company would hold Elders's 18 percent stake in Broken Hill Pty., Australia's largest company. The first three would be majority-owned subsidiaries of Elders, while Elders's share of the company owning the BHP stake would be less than 50 percent.

Each company would have a separate board headed by Mr. Elliott.

Analysts said the Elders restructuring would boost its already significant cash reserves, unlock substantial funds in nonperforming assets and improve cash flow.

Analysis said the ability of each of the new companies to make a major acquisition would be virtually doubled under the new plan. (AFP, Reuters)

New Bidder Emerges For Mercantile House

LONDON — Quadrex Holdings Inc., a securities firm, said Monday it had made an offer to acquire Mercantile House Holdings PLC that was "significantly higher" than a £512 million (\$819 million) stock swap proposed by British & Commonwealth Holdings PLC.

A B&C spokesman said Quadrex put forward only "highly complex proposals" short of a formal offer.

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Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

(Other Earnings on Page 10)

Canada			
Company	1987	1986	% Chg.
Alcan Inc.	2,100.0	1,900.0	+10.5
Bell Canada	1,800.0	1,700.0	+5.9
Imperial Oil	1,500.0	1,400.0	+7.1
Manitoba Hydro	1,200.0	1,100.0	+9.1
Northwest Territories	1,000.0	900.0	+11.1
Ontario Hydro	800.0	700.0	+14.3
Quebec Hydro	600.0	500.0	+20.0
TransCanada Corp.	400.0	300.0	+33.3
Western Union	200.0	150.0	+33.3
Yukon Development Corp.	100.0	50.0	+100.0
Japan			
Company	1987	1986	% Chg.
Asahi Glass Co.	1,200.0	1,100.0	+9.1
Fuyo Bank	1,000.0	900.0	+11.1
Industrial Bank of Japan	800.0	700.0	+14.3
Mitsubishi Bank	600.0	500.0	+20.0
Sanwa Bank	400.0	300.0	+33.3
Sumitomo Bank	200.0	150.0	+33.3
U.S.			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

CARNIVAL: Snags Seen in Cruise Line Share Offering

(Continued from first finance page)

to grow 12.5 percent, to nearly 2.4 million, in 1987.

Carnival's growth led the industry. From 1983 to 1986, the company's average annual compounded growth rate was 28.5 percent, compared with an industry average of 12.7 percent. In that period, Carnival's net income more than doubled, from \$47.5 million to \$97.7 million.

But despite the company's attractive growth, the public share offering is being greeted on Wall Street with some of the same skepticism that Mr. Arison's shipbuilding plan faced nine years ago.

Analysts are concerned about the size of a special dividend to be paid to the Arison family, as well as about the possibility that cruise lines could be hurt by overbuilding.

For Carnival's competitors, however, the company's move means greater visibility, and possibly more expansion.

"It's going to mean added recognition that the cruise business is a good business to invest in," said Mr. Caldera of Bermuda Star Line. "In the end, it will just help us all."

Despite the praise the company now gets even from some competitors, Carnival's entry into the cruise business was far from auspicious. Its first ship, the Mardi Gras, ran aground off the Bahamas on her maiden voyage with more than 300 travel agents aboard.

But Mr. Arison demonstrated a talent for turning around his company. Since he emigrated from Israel in 1950, financial derailing has been his trademark.

In 1974 when the cruise industry was floundering, Mr. Arison

bought out his partner and long-time friend, Meshulam Riklis, for \$1, and assumed more than \$5 million of the company's debt.

But the company's fortunes changed in a few months with the help of the on-board casino Mr. Arison introduced. Over the next 13 years, Mr. Arison built Carnival into a business with a paper value of \$2 billion.

Having already built four ships in this decade, the 63-year-old Mr. Arison, now the company chairman, plans to bring into service

Line, Regency Cruises Inc. of New York and American Cruise Lines of Haddam, Connecticut, all of which have gone public since 1986.

Carnival's offering of 23.6 million shares is the largest in the industry, with the company hoping to raise nearly \$400 million. Until now, the largest public offering of a cruise line has been about \$5 million, raised by Regency in 1986.

After the stock sale, Mr. Arison and his family, including his son Mickey, the company's president and chief executive, will retain control of 82 percent of the outstanding stock and 90 percent of the voting stock.

The offering makes Mr. Arison, who has been on Forbes magazine's list of the 400 richest people in the United States for three years, considerably richer. Through a number of complex agreements, he and his family are to receive a large profit from the company's reorganization as it goes public, according to the company's prospectus.

Carnival officials cannot comment on the offering until it has closed.

In one transaction, a dividend of approximately \$129 million will be paid to the Arison family and others. Of that, \$81 million will go to Mr. Arison. Part of that will be used to pay off a \$36 million debt from a separate company, Mr. Arison owns, Carnival Tours Inc., which in turn will be bought by Carnival Cruise Lines for \$16.5 million.

Carnival Cruise Lines will continue to make regular investments in certificates of deposit at Ensign Bank, based in New York, which is also owned by Mr. Arison. In February, Carnival held \$10.3 million in principal of the bank's certificates of deposit.

The large amount of money that goes to the Arisons has raised some concerns about the offering, analysts said.

"It's a very sizable stock," said one analyst who spoke on the condition that he not be identified. "The company's got a good story. But the special dividend is a problem. It just doesn't look good."

Of more concern to many analysts is that the optimism expressed by Mr. Arison and some competitors may open the industry to overcapacity. According to the Cruise Line Industry Association, new ship construction by its members will result in the addition of an estimated 15,000 berths, a 26 percent increase, by 1990.

That fear may already be represented in the market performance of the other publicly traded cruise lines. Regency and American Cruise have both fallen from their peaks.

With its offering, Carnival becomes the fourth publicly held cruise line, joining Bermuda Star

NOTICE OF REDEMPTION

To the Holders of

INA OVERSEAS FINANCE N.V.

(now CIGNA Overseas Finance N.V.)

6% Convertible Subordinated Debentures

Due August 1, 1997

and

8% Convertible Subordinated Debentures

Due September 1, 2000

(Convertible into Common Stock of CIGNA Corporation)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indentures dated as of August 1, 1977 and September 1, 1980 among INA Overseas Finance N.V., now CIGNA Overseas Finance N.V. (the "Company"), INA Corporation, as Guarantor, and Morgan Guaranty Trust Company of New York, as Trustee, under which the above Debentures (the "Debentures") were issued, as modified by the First Supplemental Indentures dated as of March 22, 1982, among the same parties and, in addition, INA Merger Corporation and CIGNA Corporation (hereinafter collectively referred to as the "Indentures"), the Company has elected to redeem all of the outstanding Debentures on September 2, 1987 (the "Redemption Date") at the Redemption Price of 100.5% of the principal amount of the 6% Debentures and 101.5% of the principal amount of the 8% Debentures, together in each case with accrued interest to the Redemption Date.

For each \$1,000 principal amount of 6% Debentures, the Redemption Price will be \$1,005 and accrued interest from August 1, 1987 to the Redemption Date will be \$5.1667, for an aggregate amount of \$1,010.1667. For each \$1,000 principal amount of 8% Debentures, the Redemption Price will be \$1,015 and accrued interest from September 1, 1987 will be \$3.5833, for an aggregate amount of \$1,018.5833. On the Redemption Date, the Redemption Price and accrued interest will become due and payable upon each such Debenture. Interest on the Debentures will cease to accrue on the Redemption Date and no interest will accrue on the Debentures thereafter. The coupons on the Debentures maturing after the Redemption Date will be void.

Payment of the Redemption Price and accrued interest will be made upon presentation and surrender of the Debentures, together with all coupons appertaining thereto maturing after the Redemption Date, either at the option of the holder and subject to any laws or regulations applicable thereto in the country of any such office, (a) with respect to all Debentures at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, 19th Floor, New York, New York 10013, or at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London, Paris and Zurich, Amsterdam-Rotterdam Bank N.V. in Amsterdam, Banque de l'Indochine et de Suez in Paris, Banque Internationale a Luxembourg S.A. in Luxembourg, Credit Suisse in Zurich, Deutsche Bank AG in Frankfurt, Main, Morgan Grenfell & Co. Limited in London and Orion Bank Limited in London; or (b) additionally, with respect to the 6% Debentures, at the main office of Banque de Suez Luxembourg S.A. in Luxembourg; or (c) additionally, with respect to the 8% Debentures, at the main offices of Banque Bruxelles Lambert S.A. in Brussels and Swiss Bank Corporation in Basel.

Conversion Option

Holders of the Debentures have the right under the Indentures, on or before the close of business on August 28, 1987, (1) to convert each \$1,000 principal amount of the 6% Debentures into (a) 26.3924 shares of Common Stock of CIGNA Corporation ("Common Stock") and (b) in the amount of \$132.2335 and (2) to convert each \$1,000 principal amount of the 8% Debentures into (a) 20.3190 shares of Common Stock and (b) in the amount of \$101.8004.

The elections set forth in sections 1(k) and 1(b) above arise from the redemption on July 13, 1987 of all of the \$2.75 Cumulative Convertible Preferred Stock ("Series A Stock") into which the Debentures were formerly convertible. The Indentures provide that holders who elect the conversion option have the right to elect to receive either the Common Stock into which such Series A Stock was convertible at the conversion ratio of .42212 of a share of Common Stock for each share of Series A Stock that would have been received upon conversion prior to redemption of the Series A Stock, or to receive cash equal to the redemption price he would have received if he had converted his Debentures into Series A Stock and then had such stock redeemed, without interest or dividends in either case.

In order to exercise the conversion privilege, holders of Debentures to be converted must surrender such Debentures with all uncashed coupons appertaining thereto at any of the offices of the Paying Agents specified above before the close of business on August 28, 1987. Debentures surrendered for conversion must be accompanied by written notice executed by the holder specifying that the holder elects to convert such Debentures and specifying whether he elects additional Common Stock or cash in place of the Series A Stock to which he would have been entitled prior to its redemption. Such notice must also state the name or names (with address and, in the case of U.S. persons, taxpayer identifying number) in which the certificates for shares of Common Stock are to be registered. No fractional shares of Common Stock will be issued upon conversion of Debentures, but in lieu thereof, the Company will pay a cash adjustment in respect of any such fractions in an amount equal to the same fraction of the closing price per share of the Common Stock on the business day on which the Debentures are surrendered for conversion. Upon surrender of Debentures for conversion as aforesaid, the rights of the holders of such Debentures as such holders shall cease.

In accordance with the terms of the Indentures, no payment or adjustment will be made upon conversion for interest accrued on the Debentures or for any cash dividends on the shares of Common Stock issuable upon conversion.

Please note that in order to effect conversion, Debentures must be in the physical possession of one of the Paying Agents not later than the close of business on August 28, 1987. Delivery of Debentures to any of the Paying Agents after the close of business on August 28, 1987, regardless of instructions in any conversion notice, will result only in payment of the Redemption Price and accrued interest to the Redemption Date as set forth above.

CIGNA OVERSEAS FINANCE N.V.
(Formerly
INA OVERSEAS FINANCE N.V.)

Dated: July 28, 1987

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Floating-Rate Notes			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

Deutsche Marks			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

Japanese Yen			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

E.C.U.			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

Pounds Sterling			
Company	1987	1986	% Chg.
Amgen Inc.	1,200.0	1,100.0	+9.1
Boeing Co.	1,000.0	900.0	+11.1
General Electric	800.0	700.0	+14.3
IBM Corp.	600.0	500.0	+20.0
Intel Corp.	400.0	300.0	+33.3
Microsoft Corp.	200.0	150.0	+33.3
Oracle Corp.	100.0	50.0	+100.0

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

72 Month		Stock	Div.	Yld.	PE	52w		Close
High	Low					100s	High	

[illegible]

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 27th July 1987

Not all of the quotations are supplied by the Funds listed with the exception of some quotes based on issue price.
The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (i) - irregularly.

[illegible][illegible]

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CURRENCY MARKETS

Dollar Up Slightly in Quiet Trading

NEW YORK — The dollar closed slightly higher Monday against most major foreign currencies in relatively quiet trading. In New York, the dollar closed at 1.8560 Deutsche marks, up from 1.8515 on Friday, and at 150.65 Japanese yen, up from 149.50. It also closed at 1.5390 Swiss francs, up from 1.5335, and at 6.1750 French francs, up from 6.1610.

The dollar was also stronger against the British pound, which closed at \$1.5985, against \$1.6065 on Friday. "Europe sold the dollar down a bit" in early trading, "and New York took it back up," said Henry Weiland of NatWest U.S.A. "The market is in a state of confusion. It is not following any trend."

Mr. Weiland said the dollar was helped a little by a Commerce Department report showing personal spending rose 0.7 percent in June, slightly higher than most market expectations. At the same time, personal income rose 0.4 percent. "Those numbers were pretty good," Mr. Weiland said. "In these slow markets, traders are looking for something to go on. Numbers are not necessarily so important, suddenly become important."

He said market was holding to a "short-term bearishness, desperately waiting for something to move it. The economic numbers are not breaking it out of the narrow range."

Earlier in London, the dollar spent most of the day within a narrow range, and is generally expected to do so at least until Thursday, when the U.S. leading indicators will be released. Forecasts for the U.S. leading indicators range from a rise of 0.2 percent to a rise of 0.3 percent, with a majority around 0.5 percent.

However, dealers do not expect these figures to have a large impact unless they differ widely from the forecast.

In London, the dollar closed at

London Dollar Rates

Currency	Rate
Deutsche mark	1.8560
Swiss franc	1.5390
Japanese yen	150.65
French franc	6.1750
British pound	1.5985

that are not necessarily so important, suddenly become important. He said market was holding to a "short-term bearishness, desperately waiting for something to move it. The economic numbers are not breaking it out of the narrow range."

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However, dealers do not expect these figures to have a large impact unless they differ widely from the forecast.

In London, the dollar closed at

1.8545 DM, up slightly from 1.8540 on Friday. It also closed at 150.35 yen, up from 149.85; at 1.5377 Swiss francs, up from 1.5360; and at 6.1700 French francs, up from 6.1675.

It was also higher against the pound, which closed at \$1.5985, against \$1.6045 on Friday. Initially the market pushed the dollar lower to 1.8485 DM and 149.25 yen, but the market changed tack and instead tested the dollar's upper limits.

Meanwhile, the pound closed at 72.5, unchanged on its trade-weighted index from Friday, though it had traded as much as two basis points higher.

Dealers said the pound was suffering indirectly from last week's disappointing British trade data, which caused the gilt market to slump on Monday.

The easier tone of oil prices also contributed to depress the pound. Earlier in Europe, the dollar moved lower. It was fixed in Frankfurt at 1.8505 DM, down from 1.8548 on Friday.

It closed in Zurich at 1.5345 Swiss francs, down from 1.5360 on Friday.

3d Dinar Bond Is Launched, for Kuwait Company

KUWAIT — The state-controlled Kuwait Investment Co. has launched a 20 million dinar (\$71.42 million), five-year bond offering for itself that it will also launch.

A spokesman said the offering, which carries a 7.5 percent coupon, would be used to pay for investment activity. It is the first bond offering the company has managed for itself.

The issue is the third since the revival of the Kuwaiti dinar bond market after a five-year lapse. Finland launched a 20 million dinar offering in May and the World Bank sought 30 million dinars this month.

Finance Minister Jassim al-Khorafi said Kuwait was considering a public debt issue to finance its budget deficit and expand domestic investment.

Kuwait is dependent on oil revenue and has run a deficit every year but one since 1981-82.

(UPI, Reuters)

PROFITS: U.S. Companies' Earnings Begin to Benefit From Lower Dollar

(Continued from Page 1)

goods industries, like heavy equipment, in which markets take a long time to develop.

Nevertheless, the overall impact is substantial. "This is a gradual process that you don't see all at once," said David Wyss, chief financial economist at Data Resources Inc., an economic forecasting firm.

"But over the next three to five years," he said, "a 10 percent drop in the dollar adds an extra \$25 billion to profits of nonfinancial corporations."

Not all companies break out their overseas sales and profits on a quarterly basis, preferring to wait until the end of the year.

However, some are so attuned to the competitive advantages bestowed by a weaker dollar, as well as the importance of the international marketplace, that they track how much lower profit would have been had the dollar remained at year-earlier levels.

Wall Street was disappointed earlier this month when International Business Machines Corp. reported that second-quarter earnings had fallen 9.9 percent from year-earlier levels, to \$1.18 billion. The dismay would probably have been less if the dollar had stayed strong.

Extrapolating from IBM's figures, the drop in the dollar from the second quarter of last year to this year raised revenue by \$640 million and profit by \$115 million.

"For the first half of the year, we estimate the lower value of the dollar compared with 1986 raises has improved 1987 revenues by \$1.52 billion, and net earnings by \$210 million," said John H. Mikalec, an IBM spokesman.

Last week Minnesota Mining & Manufacturing Co. reported a 21 percent rise in second-quarter net income to \$240 million, or \$1.05 a share, from \$198 million.

"Of that earnings increase, we estimate that about \$23 million, or 10 cents a share, was attributable to the decline in the dollar," said Roger Roberts, a vice president in finance.

"Assuming the dollar stays close to where it is now, we estimate that for the whole year the lower dollar could raise earnings by between \$55 million and \$70 million," Mr. Roberts said.

According to Coca-Cola Co., on a trade-weighted basis the dollar was 17 percent lower in the second quarter than it was during the same period of 1986.

As a result of the decline, the company estimated, earnings were 4 cents a share, or \$15.2 million, higher in the second quarter than they would have been had the drop

not occurred, Randy Donaldson, a Coca-Cola spokesman, said.

However, representatives at other companies said that demand for their products was already strong and was not affected significantly by changes in exchange rates.

Apple Computer Inc. reported a 65 percent increase in net income for the third quarter of its financial year, to \$53.5 million from \$32.3 million. But Jane Risser, the company's investor relations manager, said that very little of the improvement was caused by the dollar.

"The vast proportion of our earnings gains were related to product momentum, not currency fluctuations," she said.

Another computer company, Digital Equipment Corp., reported last Wednesday a 58 percent increase in its fourth-quarter earnings, to \$377.5 million, from \$238.6 million a year earlier.

Mark A. Steinkrauss, director of investor relations, said, "We had very good performance out of our international business last year, particularly in Europe."

"But we would have done that with or without a weaker dollar."

EXPORT: Japanese Send 'Made in America' to Japan

(Continued from Page 1)

how the 50 percent rise of the yen against the dollar in the last two years has altered the competitive landscape.

"I think it's an interesting straw in the wind," said S. Bruce Smart Jr., undersecretary of commerce for international trade administration.

"It means they can make things more cheaply in the United States," he added, noting that the rise in the yen and efforts to hold down labor costs in the United States have nearly eliminated Japan's labor-cost advantage.

Exporting from the United States, or from anywhere outside Japan, also reflects the evolving strategy of Japanese corporations to set up global production.

In taking their first step towards becoming true multinationals, with factories all over the world, Japanese corporations are doing almost exactly what U.S. corporations did in the 1950s and 1960s, said David Yoffie, a professor at the Harvard Business School.

Fears of protectionism initially caused Japanese companies to establish manufacturing plants outside of Japan, but the rising yen has served as an additional incentive.

Since the mid-1970s the Japanese have raised their direct investment abroad exponentially.

From \$53.1 billion on March 31, 1983, the end of Japan's 1983 fiscal year, Japan's foreign investment rose to \$106 billion last March 31.

The 1983 figure had doubled from only four years earlier and was four times the level of March 1975, according to the Japan Economic Institute, a Washington-based research organization financed by the Japanese government.

One-third of the total investment, or \$33.4 billion, is in the United States.

Last year alone Japanese corporations pumped \$10.2 billion into the United States.

U.S. Postpones 2d Bill Auction

WASHINGTON — The U.S. government postponed Monday's scheduled auction of 13- and 26-week Treasury bills for the second straight week because Congress has failed to raise the debt ceiling.

The government had been allowed to run a \$3 billion debt until two weeks ago, when the limit automatically reverted to \$2.1 billion.

The government uses most of the proceeds from such auctions to pay off maturing bills.

outlay, or \$2.1 billion, was for the construction or the acquisition of production and assembly plants in the United States.

Roughly \$1 billion went into plants to make industrial and consumer electronics products and machinery.

Even so, economists and other trade experts do not expect these new plants alone to reduce the U.S. trade deficit. Japanese corporations have also invested heavily in Asia, Latin America and Europe, they note, and many of these facilities will probably be used to export goods to the United States.

Some might see these plans as a sign that the attitude of Japanese consumers toward U.S. goods has suddenly changed.

But trade analysts say that Japanese consumers are willing to trust the quality of goods made by Japanese companies no matter where they might be manufactured.

"Convincing Japanese consumers that American companies can make high-quality merchandise is something that will take a long time," said Mr. Yoffie.

"I'd compare it with the former reluctance of Americans to purchase Japanese goods because they thought they were cheap and shoddy, which took at least until the 1960s to change," he said.

Monday's OTC Prices

MASDAQ prices as of 4 p.m. New York time.

Via The Associated Press

Table with 10 columns: 12 Month High, Low, Stock, Div. Yld., Sales in 1986, High, Low, 4 P.M. Close, Net Chg.

Table listing various stocks and their prices, including AIG, ABC, ABN, etc.

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New York

Monday's AMEX Closing

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